

Department of Financial Institutions



**David H. Mills
Director**

**Annual Report
Year Ended December 31, 2013**

State of Indiana

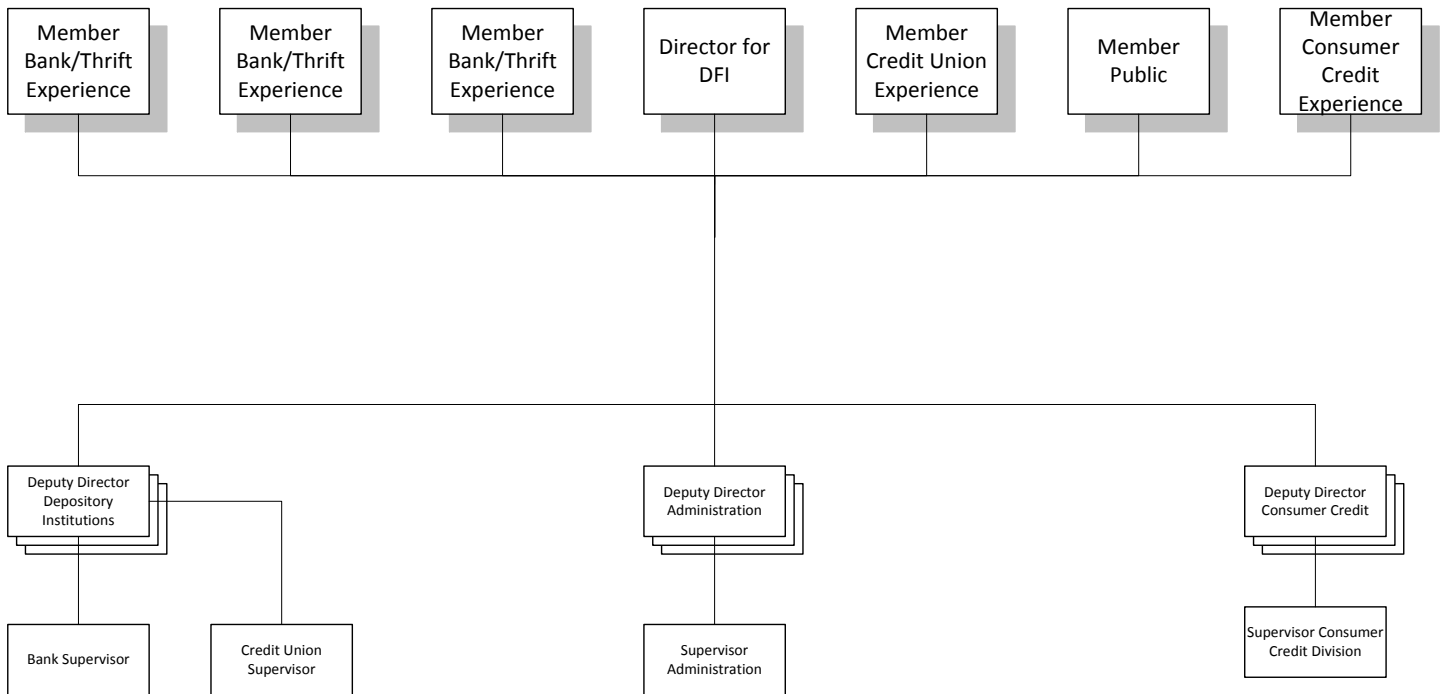
**Mike Pence
Governor**

**Sue Ellspermann
Lieutenant Governor**

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Department of Financial Institutions



DIRECTORS

DIRECTOR	FROM		TO	
Richard McKinley	January	1933	November	1939
Ross H. Wallace	January	1940	June	1943
A.J. Stevenson	July	1943	December	1944
Joseph McCord	January	1945	September	1965
Donald H. Sauer	October	1965	June	1969
James Faris	July	1969	June	1980
William T. Ray	July	1980	June	1983
Ruth D. Harrison	July	1983	May	1989
Charles W. Phillips	June	1989	June	2005
Judith G. Ripley	August	2005	September	2009
David H. Mills	September	2009	Present	

DEPARTMENT OF FINANCIAL INSTITUTIONS

Mission

To regulate and supervise financial services providers in a manner that assures the residents of Indiana adequate and proper financial services; protects the interest of depositors, borrowers, shareholders and consumers; promotes safety and soundness in Indiana financial institutions; and advocates and enforces compliance with applicable state and federal laws.

Vision

To be among the best state financial services regulators in the country by consistently applying appropriate safety and soundness standards, assuring consumer protection, and promoting economic development.

Stakeholders

The Department's primary stakeholders are the public, legislative bodies, regulated financial services providers, other regulatory agencies, financial services associations, and its employees.

Goals and Strategies

Consistent with the Department's identity, vision and goals, the Members, the Executive Team, and the Senior Departmental staff have adopted goals and strategies to:

- Maintain a qualified, diversified, effective, and empowered staff with a focus on continuous improvement, professional development, integrity, and a collegial, challenging work environment.
- Develop and maintain an effective management structure with emphasis on leadership training, continuing technical education, strategic planning, management succession, fiscal responsibility, and policy development.
- Use a set of consistent regulatory standards to evaluate the adequacy of existing regulation and to consider the need for new regulation of financial transactions not presently supervised.
- Be proactive with Indiana State Legislators to keep Indiana in step with the changing financial services environment, protect consumers, and promote economic development.
- Monitor, embrace, and implement advancing technology in all forms of communications and computer technology to maximize Departmental efficiency, to provide more effective regulation, and to challenge our employees towards higher levels of performance.

MEMBERS OF THE DEPARTMENT

Richard J. Rice, Chairman
South Bend
Credit Union Experience

Mark A. Schroeder, Vice Chairman
Jasper
Bank/Thrift Experience

Donald E. Goetz
Demotte
Bank/Thrift Experience

Michael W. Davis
Muncie
Consumer Credit Experience

Jean L. Wojtowicz
Indianapolis
Member at Large

Paul R. Sweeney
Vincennes
Bank/Thrift Experience

David H. Mills
Director
Department of Financial Institutions

DEPARTMENT PERSONNEL

David H. Mills, Director

DIVISION OF BANKS AND TRUST COMPANIES DIVISION OF SAVINGS BANKS, SAVINGS AND LOAN ASSOCIATIONS

Thomas C. Fite, Deputy Director
Randall L. Rowe, Bank Supervisor

SPECIAL ACTIONS

Kirk J. Schreiber, Senior Bank Analyst

REGULATION & SUPERVISION

Richard C. Nelson, Senior Review Examiner

BANK DIVISION EXAMINATION STAFF

DISTRICT 1

J. Deron Thompson, Regional Field Supervisor
Chris C. Dietz, Assistant Regional Field Supervisor

David H. Hoeferkamp - I
Francis J. Tata - I
Jacob P. Swanson - I
Marc A. Ward - I
Kevin M. Vaughn - I

David M. Mote - I
Alfred R. Westfall - I
Vernita L. Early, C.P.A., - III
Beau E. Huelster - III
Sam A. Patterson III - IV

DISTRICT 2

Paul G. Brockman, Regional Field Supervisor
Mark A. Moreland, Assistant Regional Field Supervisor

Lee T. Reid - I
Eric S. Neal - I
Steven R. Wachter - I
Robin R. Upchurch - I

Patrick W. Land - I
Kristy N. Hubele - II
Craig R. Smith - II

Roman numerals denote field examiner grade level

DIVISION OF CREDIT UNIONS

Thomas C. Fite, Deputy Director
Mark K. Powell, Supervisor

Mark A. Walters - I
Gloria A. Thomson, C.P.A., - I
D. Scott Shelton - I

Matthew R. Dilly - I
Charles R. Hall - I
Amanda L. Hoff - II

DIVISION OF CONSUMER CREDIT

Mark B. Tarpey, Deputy Director
James D. Harrell, Consumer Credit Supervisor
Aaron B. Sweet, C.P.A., UCCC Licensing Analyst

CONSUMER CREDIT EXAMINATION STAFF

DISTRICT 1

Rick A. Bane, Field Supervisor
Ned W. Brown - I
John D. Heckard - II
Matthew T. Uhl - II
Richard W. Norrell - III
Robert M. Payne - IV

DISTRICT 2

Scott J. Imbus, Field Supervisor
Kent D. Sager - I
Dee A. Stauffer - I
Tabitha M. Butts, C.P.A., - II
Ryan E. Black - II
Mitchell D. Bowers - III
Landyn K. Waugh - IV

Roman numerals denote field examiner grade level

LEGAL DIVISION

Constance J. Gustafson, General Counsel

DIVISION OF ADMINISTRATION

Gina R. Williams, Deputy Director
Troy D. Pogue, Supervisor of Administration
Renita D. Stubbs, Accountant
Beth A. Risacher, Program Coordinator

OFFICE SUPPORT STAFF

Angie M. Smith, Depository Division
Sharmaine W. Stewart, Depository Division
Kelly L. Nelson, Consumer Credit Division

EXAMINER CERTIFICATIONS

BANK DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER ("CEM")

Brockman, Paul G.
Fite, Thomas C.
Moreland, Mark A.

Rowe, Randall L.
Thompson, Deron J.

CERTIFIED EXAMINER IN CHARGE ("CEIC")

Dietz, Chris C.
Hoferkamp, David H.
Neal, Eric S.
Nelson, Richard C.
Pogue, Troy D.
Reid, Lee T.
Schreiber, Kirk J.
Land, Patrick W.

Swanson, Jacob P.
Tata, Francis J.
Upchurch, Robin R.
Vaughn, Kevin M.
Wachter, Steven R.
Ward, Marc A.
Williams, Gina R.
Westfall, Alfred R.
Mote, David M.

CERTIFIED CREDIT EXAMINER ("CCE")

Early, Vernita L.
Hubele, Kristy N.

Smith, Craig R.

CREDIT UNION DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER ("CEM")

Powell, Mark K.

CERTIFIED EXAMINER IN CHARGE ("CEIC")

Dilly, Matthew R.
Shelton, Scott D.
Hall, Charles R.

Thomson, Gloria A.
Walters, Mark A.

CERTIFIED OPERATIONS EXAMINER ("CCE")

Hoff, Amanda L.

CONSUMER CREDIT DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER ("CEM")

Bane, Rick A.
Imbus, Scott J.

Tarpey, Mark B.

CONSUMER CREDIT DIVISION CERTIFICATIONS

COMPLEX INSTITUTIONS SPECIALIST ("CIS")

Black, Ryan E.
Brown, Ned W.
Butts, Tabitha M.
Harrell, James D.
Heckard, John D.

Sager, Kent D.
Stauffer, Dee A.
Sweet, Aaron B.
Uhl, Matthew T.

OTHER CERTIFICATIONS

CERTIFIED PUBLIC ACCOUNTANT ("CPA")

Butts, Tabitha M.
Early, Vernita L.

Sweet, Aaron B.
Thomson, Gloria A.

CERTIFICATION PLAN OVERVIEW

In 1999 the DFI adopted an examiner certification program that was intended to promote professionalism and provide an improved career path. The DFI Certification Program incorporates the structure developed by the Conference of State Bank Supervisors. It provides for multiple levels of examiner certification, each tied to a financial incentive contingent upon continued successful performance.

The available certification levels are as follows:

Bank and Credit Union Divisions

COE – Certified Operations Examiner
CCE – Certified Credit Examiner
CEIC – Certified Examiner in Charge
CEM – Certified Examination Manager
CPA – Certified Public Accountant

Consumer Credit Division

CCCE – Consumer Credit Compliance Examiner
DIS – Depository/Investigation Specialist
CIS – Complex Institution Specialist
CEM – Certified Examination Manager
CPA – Certified Public Accountant

Initial certification and the retention of the designation are dependent upon the examiner's successful performance and professional development.

DIVISION MILESTONES

The following employees celebrated milestone anniversaries with the DFI during 2013:

Bank Division

***Thomas Fite –15 Years of Service
Kevin Vaughn - 10 Years of Service
Sharmaine Stewart - 10 Years of Service
Kristi Hubele - 5 Years of Service
Craig Smith - 5 Years of Service***

Credit Union Division

Matthew Dilly - 10 Years of Service

Consumer Credit

***Jim Harrell - 40 Years of Service
Kent Sager - 20 Years of Service
Tabitha Butts - 10Years of Service
Ryan Black - 5 Years of Service
Matthew Uhl - 5 Years of Service***

DEPARTMENT OVERVIEW

The Department of Financial Institutions was created by the Indiana Financial Institutions Act of 1933 ("Act"). This Act incorporated substantially all of the recommendations of a 1932 Study Commission that had been formed to address the regulation and control of financial institutions after the Great Depression of the 1930s. It commissioned the Department with the responsibility for supervising commercial banks, trust companies, private banks, savings banks, building and loan associations, credit unions, and finance companies incorporated under the laws of the State of Indiana. Since that time the scope of the regulatory responsibilities with which the Department has been charged has been broadened substantially. In 1971, Indiana adopted the Uniform Consumer Credit Code "UCCC" in order to simplify, clarify, and modernize consumer credit laws. The Department became the administrator of the UCCC at that time. In addition to regulating licensees under the Uniform Consumer Credit Code, the Department's responsibility has also been expanded to include the supervision of pawnbrokers, licensees under the Indiana Small Loan Act, industrial loan and investment companies, money transmitters, check cashers, budget service companies, and rental-purchase agreement companies. In 2008, the Indiana State Legislature assigned authority to the Department to license those first lien mortgage lenders who fund their own loans.

The Department is a non-cabinet level department of the executive branch of the Government of Indiana and is subject to legislative oversight and audit by the State Board of Accounts. It remains a self-funded (dedicated funds) agency that is entirely supported by fees paid by the institutions that are regulated and supervised by the Department. Indiana Code 28-11-3-5 grants authority to the Department to generate revenue and to fund ongoing operations. Annually, the Department adopts a schedule of fees to cover expected operating costs. Revenue is driven solely from supervision, examination, and license fees that are assessed to those financial institutions that are regulated by the Department.

Policy-making power is vested in a bipartisan board of seven Members who are appointed by the Governor. The Director of the Department serves as an ex officio voting Member. State law requires that three of the Members shall be persons of practical experience at the executive level of a state chartered bank; a state chartered savings association; or a state chartered savings bank; one Member shall be a person of practical experience at the executive level of a lender licensed under I.C. 24-4-5; one member shall be a person of practical experience at the executive level of a state chartered credit union. In appointment of the remaining Member of the Department, the Governor shall have due regard to a fair representation of the consumer, agricultural, industrial, and commercial interests of the state. Not more than three Members can be affiliated with the same political party.

The Executive Team consists of the Director, who serves as the chief Executive and Administrative Officer, and three Deputy Directors. The Director is responsible for the administration of the policies established by the Members and all applicable legislative actions or policies. The Director exercises managerial control over the work of the Department, including its staff of deputies, supervisors, examiners and administrative personnel.

Five divisions reside within the Department, each under the direct control of a deputy or supervisor. These are the Division of Banks and Trust Companies, Division of Consumer Credit, Division of Credit Unions, Division of Administration, and the Legal Division.

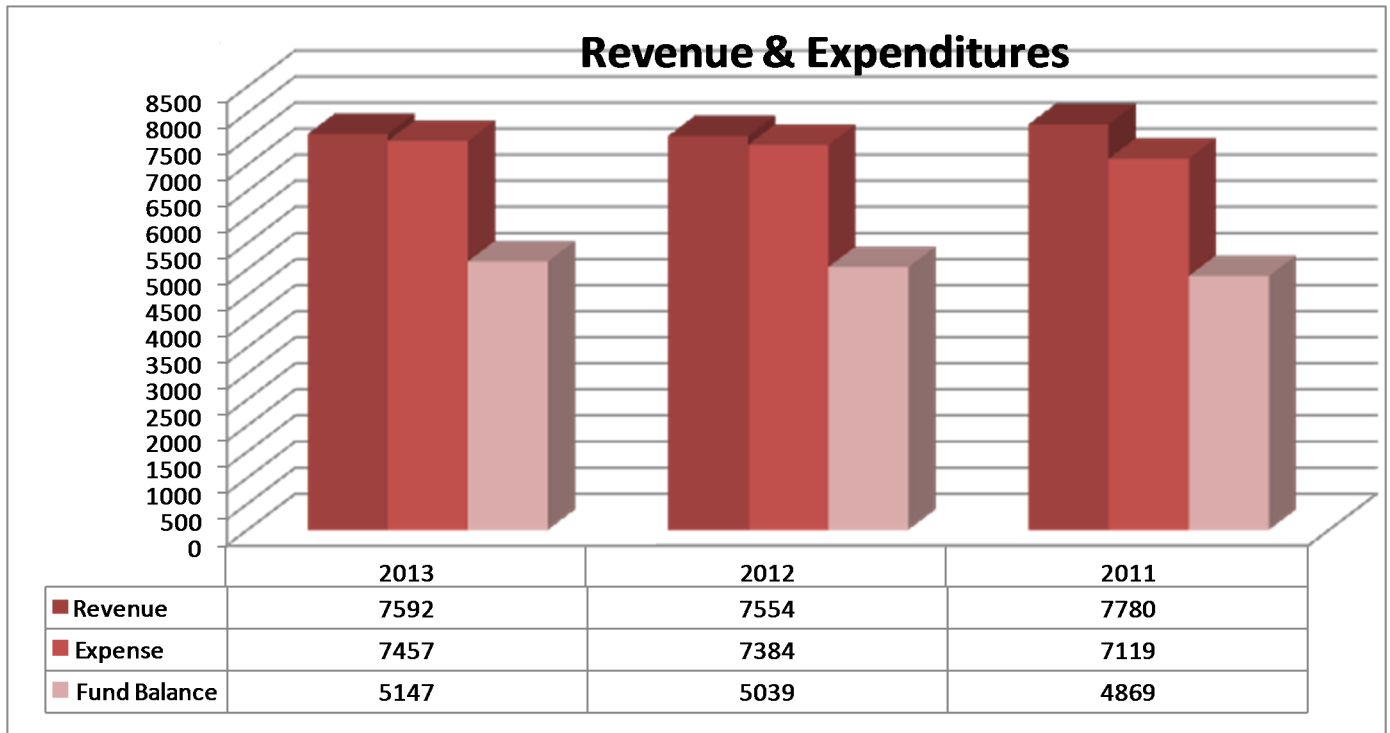
REVENUE AND EXPENDITURES

<u>REVENUE</u>	2013	2012	2011
BANK AND SAVINGS & LOAN FEES	3,987,997	3,851,002	3,896,916
CREDIT UNION FEES	953,551	947,962	963,540
PAWNBROKING LICENSING FEES	121,560	117,340	114,520
APPLICATION /MISC. FEES	44,760	129,440	46,160
DEBT MANAGEMENT COMPANIES	28,320	27,900	27,330
UCCC FEES	1,081,697	1,257,400	1,420,047
PAYDAY LENDERS	265,870	274,790	355,440
RENTAL/PURCHASE LICENSE	66,270	61,080	64,880
MONEY TRANSMITTER FEES	50,910	68,810	55,040
CHECK CASHERS FEES	56,690	55,670	45,540
GAP/Debt Cancellation	64,400	49,905	49,190
First Lien & Subordinate Lien Mortgage Lenders	587,446	512,830	536,457
Mortgage Loan Originators	282,700	199,910	204,654
TOTAL REVENUE	\$7,592,171	\$7,554,039	\$7,779,714

EXPENDITURES

PERSONNEL COSTS	6,175,829	6,069,516	5,938,347
UTILITIES, TELEPHONE, COMMUNICATION	117,591	127,226	137,496
CONTRACT SERVICES	266,832	285,165	155,459
OFFICE SUPPLIES	14,391	9,589	16,263
EQUIPMENT/COMPUTERS	29,075	9,335	8,292
TRAVEL IN-STATE	399,267	395,344	377,687
TRAVEL OUT-OF-STATE	9,170	7,585	4,818
PERSONNEL DEVELOPMENT & RELATED TRAVEL	86,569	82,059	63,465
OFFICE LEASES, DUES, SUBSCRIPTIONS	358,588	398,016	417,576
TOTAL EXPENDITURES	\$7,457,312	\$7,383,835	\$7,119,403

NET REVENUE (EXPENDITURES)	134,859	170,204	660,311
CASH BALANCE, JULY 1	5,038,845	4,868,641	4,208,330
CASH BALANCE, JUNE 30	5,173,704	5,038,845	4,868,641
LESS ENCUMBRANCES	26,857		0
FUND BALANCE, JUNE 30	5,146,847	5,038,845	4,868,641



LEGISLATIVE CHANGES

In the 2013 legislative session the General Assembly adopted HEA 1081, generally known as the Department of Financial Institution's ("DFI" or "department") "omnibus" bill relating to financial institutions and consumer credit organizations. HEA 1081 was comprised of a number of provisions assembled by the DFI staff during the previous year consisting of corrections and improvements to the Financial Institutions Act (IC 28 *et seq.*) and the several consumer credit laws administered by the agency, particularly the Debt Management Company Act (IC 28-1-29 *et seq.*) ("DMA") and the Money Transmitters Act (IC 28-8-4 *et seq.*) ("MTA"). There were several topics as outlined below that changed for many of the consumer credit acts.

1. Surety Bonds: IC 24-4.4-2-402.3 for first lien mortgage lenders; IC 24-4.5-3-503.3 for UCCC, including subordinate lien mortgages; IC 24-4.5-7-413 for payday lenders; IC 28-1-29-6 for debt management companies IC 28-7-5-5 for pawnbrokers and IC 28-8-4-27 for money transmitters: Amends surety bond language to add uniform requirements.

2. Investigatory Authority: IC 24-4.4-3-104 for first lien mortgage lenders and IC 24-4.5-6-106 for UCCC, including subordinate lien mortgages: Amends investigatory authority to make provision uniform across license types. (2014 General Assembly added similar provisions to other consumer credit acts.)

3. Territorial Application:

- **IC 24-4.5-1-201 in UCCC:** Clarifies the Territorial Application to provide that a credit transaction does not occur in Indiana if the Indiana resident enters into a credit transaction at the creditor's place of business located in another state. (Reflects the outcome of the *Midwest Title* case.)
- **IC 28-7-5-3(b) in Pawn:** Extends the application of the Pawn Act to transactions originated outside of Indiana as long as the consumer is in Indiana when the transaction is originated and the pawnbroker has advertised, or solicited the transaction by any means including by mail, brochure, telephone, print, radio, television, the Internet, or electronic means.

4. Dollar Adjustments to track Regulation Z (Truth in Lending Act) in IC 24-4.4-1-301(5) for FLMA and 24-4.5-1-301.5(8) and (9) in UCCC. Same changes in other sections of UCCC: IC 24-4.5-2-106, IC 24-4.5-2-602, and [IC 24-4.5-3-602](#). Updates dollar amount to \$53,000 and recognize the automatic annual dollar adjustment included in Regulation Z (Truth in Lending Act). (2014 General Assembly made additional amendments increasing dollar amounts to \$53,500 and additional changes to definitions to track Regulation Z (Truth in Lending Act).)

5. Rental Purchase Agreements

- **Notice to DFI relating to Rental Purchase Agreements: IC 24-7-8-3** requires notification to the DFI of name or address changes, openings, closings, or relocations of offices or stores, bankruptcies or reorganizations, or revocations or suspensions in other jurisdictions.
- **Background Checks relating to Rental Purchase Agreements: IC 24-7-8-5** requires that before appointing or hiring any director, executive officer, or Indiana store manager, a lessor must perform a background check on the candidate and retain, until the department's next examination, records of the background check in the lessor's files.

6. Depositories:

- **Changes to Articles of Dissolution: IC 28-1-9-13** provides that Director has discretion as to whether the names of shareholders and amounts distributed to them should be listed in articles of dissolution.
- **Real estate: IC 28-1-11-5** eliminates the 10-year limit on holding other real estate if it has been sold pursuant to a bona fide contract which is performing in accordance with its terms.
- **Officers: IC 28-13-12-1** updates dated language and titles relative to required corporate officers.

2013 Changes to the Debt Management Act:

In 2010 the DMA was substantially revised and many of the provisions of the Uniform Debt Management Act were adopted. In the intervening years, the staff of the department has determined that certain amendments were necessary or desirable to improve the operation of the DMA.

The following summary was originally prepared as "frequently asked questions" to help our debt management licensees, regulatory staff and the general public learn about the 2013 amendments to the debt management act.

LEGISLATIVE CHANGES

1. What changes have been made to the exemption under the DMA applicable to attorneys?

Answer: IC 28-1-29-0.5 has been amended to clarify that the DMA does not apply to an attorney authorized to practice in Indiana or to persons under the supervision and control of an attorney authorized to practice in Indiana, to the extent the attorney's debt management services are incidental to the attorneys general practice of law.

2. What is the definition of an Indiana contract debtor?

Answer: The DMA has been amended to define an Indiana contract debtor to mean a contract debtor whose principal residence is located in Indiana (see IC 28-1-29-1(9)). The amended definition of an Indiana contract debtor has a significant impact on the amendments to the trust account requirements under IC 28-1-29-9. Section 9 was amended to require a licensee to maintain a state specific trust account specifically for Indiana contract debtors. (See Questions 3 and 16)

3. What changes have been made to the definition of a trust account?

Answer: IC 28-1-29-1(15) has been amended to require, except as otherwise permitted under Section 9(a) of the DMA, that the trust account be specifically for the benefit of the licensee's Indiana contract debtors and that the account be used to hold money of one or more Indiana contract debtors for disbursement to creditors of the Indiana contract debtors.

4. What is the definition of a lead generator?

Answer: The Act has been amended to define a lead generator to mean a person that, in the regular course of business, supplies a debt management company with the name of a potential contract debtor; directs an individual to contact or communicate with a debt management company; or otherwise refers a debtor to a debt management company (see IC 28-1-29-1(21)).

5. Are licensees required to include financial statements with their yearly license renewal application?

Answer: Yes, IC 28-1-29-3(f) has been amended to specifically require a license renewal application to be accompanied by the licensee's most recent audited financial statements covering the licensee's immediately preceding fiscal year, as prepared by an independent certified public accountant. If the licensee's financial statements for the immediately preceding fiscal year are not available at the time of renewal, the licensee has 120 days after the end of the immediately preceding fiscal year to file the financial statements. Audited financial statements will be required with all license renewal applications starting with the renewal applications due August 31, 2013. Please note the DMA has also been amended to require audited financial statements with all new license applications as of July 1, 2013. (See IC 28-1-29-5)

6. Have the bonding requirements changed? (effective July 1, 2014)

Answer: Yes, IC 28-1-29-6 has been amended to require each application for a license to be accompanied by proof that the applicant has executed a surety bond. The surety bond must:

- be in a form prescribed by the director;
- be in effect during the term of the license issued under the DMA;
- remain in effect during the two years after the licensee ceases offering debt management services to individuals in Indiana;
- be payable to the department for the benefit of the state and individuals who reside in Indiana when they agree to receive debt management services from the licensee;
- be issued by a bonding, surety, or insurance company authorized to do business in Indiana and rated at least "A-" by at least one nationally recognized investment rating service; and
- have payment conditioned upon noncompliance with or violation of the DMA or other applicable federal or state laws or regulations by the licensee or its employees or agents.

LEGISLATIVE CHANGES

7. The surety bond is required to be in what amount? (effective July 1, 2014)

Answer: In the case of an initial surety bond for a new applicant, the surety bond must be in an amount equal to \$50,000. (See IC 28-1-29-6(b) (5)) Beginning with the first renewal of a license, each year that a licensee continues to offer debt management services to individuals in Indiana, the licensee shall file a new or an additional surety bond in an amount that ensures that the licensee's surety bond is equal to the greater of \$50,000 or the average of the highest daily balance of funds held in trust for Indiana residents for each month during the licensee's most recently concluded fiscal year, not to exceed \$100,000. (See IC 28-1-29-6(d))

8. Are there any other new provisions concerning the surety bond? (effective July 1, 2014)

Answer: Yes, IC 28-1-29-6 has been amended to include the following provisions:

- If the principal amount of a surety bond is reduced by payment of a claim or judgment, the licensee for whom the bond is issued shall immediately notify the director of the reduction and, not later than 30 days after notice by the director, file a new or an additional surety bond in an amount set by the director. The amount of the new or additional bond set by the director must be at least the amount of the bond before payment of the claim or judgment.
- If for any reason a surety terminates a bond issued under this section, the licensee shall immediately notify the department and file a new surety bond in an amount as prescribed in IC 28-1-29-6(b)(5).
- Cancellation of a surety bond does not affect any liability incurred or accrued during the period when the surety bond was in effect.
- The director may obtain satisfaction from a surety bond if the director incurs expenses, issues a final order, or recovers a final judgment under the DMA.
- Notices required under IC 28-1-29-6 must be in writing and delivered by certified mail, return receipt requested and postage.

9. When will the new bonding requirements of IC 28-1-29-6 take effect? (effective July 1, 2014)

Answer: The new bonding requirements will apply to all new license applications as of July 1, 2014. The new bonding requirements and amounts will apply to all license renewal applications starting with the renewal applications due August 31, 2014.

10. Have there been any additional department notifications added to the DMA?

Answer: Yes, IC 28-1-29-7.5(d) was added to the DMA and reads as follows:

Not later than thirty (30) days after a licensee receives notice of any enforcement action initiated against the licensee (or an employee or agent of the licensee) by a federal or state regulatory or law enforcement agency, the licensee shall notify the director in writing of the notice received.

11. Have there been any changes to the budget analysis requirements?

Answer: Yes, concerning the monthly living expense figures, which must be reasonable for the particular family size and part of Indiana, if expenditure reductions are part of the planned budget for the debtor, details of the expected savings must be documented in the debtor's file and set forth in the budget provided to the debtor. (See IC 28-1-29-8(g))

LEGISLATIVE CHANGES

12. In 2010 the Act was amended to extend the maximum term of a debt management plan from 24 to 60 months. Along with extending the term, the Act was amended to require the licensee to perform a thorough budget analysis at 30 months to determine the continued suitability of the debt management plan for the contract debtor. Is a licensee still required to perform a new budget analysis at 30 months?

Answer: No, the 30 month budget analysis provision of IC 28-1-28-8(h) has been removed from the Act.

13. What changes have been made to the calculation method of the monthly fees?

Answer: The calculation method of the monthly fee under IC 28-1-29-8.3(c) was amended. As of July 1, 2013, a licensee may contract for and impose a monthly service fee of the lesser of 15% of the amount the licensee receives from the contract debtor for the applicable month or \$75. However, if the amount calculated is less than \$5 for a particular month, the licensee may charge a monthly service fee of \$5 for that month.

14. Is a licensee still required to provide a debtor with a notice of right to cancel?

Answer: No, effective July 1, 2013, the debtor's right to cancel provisions of IC 28-1-29-8.6 have been repealed. Although a licensee will not be required to provide a notice of right to cancel, IC 28-1-29-8 still requires a debt management agreement to provide the debtor with the right to terminate the agreement at any time without penalty, notwithstanding the close-out fee as permitted under the DMA, and requires the licensee to refund all unexpended money

2013 Changes to the Money Transmitter Act authorizes use of Nationwide Mortgage Licensing System and Registry (NMLSR) as licensing platform. Again, the following summary was originally prepared as "frequently asked questions" to help our money transmitter licensees, regulatory staff and the general public learn about the 2013 amendments to the money transmitter act.

1. Do money transmitters who are not depository institutions and are located out-of-state have to obtain a license as an Indiana money transmitter?

Answer: Yes, effective January 1, 2014, all money transmitters (see IC 28-8-4-13) with an out-of-state location that do consumer purpose money transmission business with Indiana residents are subject to the Indiana Money Transmitter Act ("MTA") and its licensing requirements (See IC 28-8-4). A physical presence such as an office in Indiana and/or the use of Indiana agents or authorized delegates is no longer a prerequisite for licensing.

2. What about a money transmitter who has previously received a staff interpretation that a license is not required to do business with Indiana residents unless the money transmitter has an office or physical location in Indiana?

Answer: The department is aware that a number of unlicensed organizations engage in the business of money transmissions with residents of Indiana, but do not have an office or physical "bricks and mortar" location in Indiana. Some organizations have received prior interpretations from the department and others may have relied on letters or other published interpretations. Due to statutory changes, the department will require such organizations to obtain a license from the department, subject to IC-28-8-4. Such organizations must obtain licensing by January 1, 2014.

3. How do money transmitters who are not depository issuers apply and renew licenses? (effective November 1, 2013)

Answer: Effective November 1, 2013, all money transmitters must apply for new licenses and renew existing licenses through the Nationwide Mortgage Licensing and Registry System (NMLRS) (See IC 28-8-4-20.5). We expect updates to become available on using NMLRS for licensing and renewals of money transmitter licenses for Indiana by licensing and renewals money transmitter licenses for Indiana: on <http://mortgage.nationwidelicencingsystem.org/news/Pages/ExpandedUse.aspx>

LEGISLATIVE CHANGES

4. May a money transmitter still substitute a security device for a surety bond?

Answer: No, as of July 1, 2014 only surety bonds will be accepted (See IC 28-8-4-21(b)).

5. When are Money Transmitter license renewals due?

Answer: A Money Transmitter license issued by the department shall have a term expiring December 31 of the year the license was issued. Therefore, all renewals will be due on December 31 of each year. As previously stated, all renewals and renewal fees will be coordinated through the NMLRS (See IC 28-8-4-35(d)). Although existing Indiana Money Transmitter licensees renewed in March of 2013, they will have to renew again in the period from November 1, 2013-December 31, 2013, thru NMLRS. This will replace the prior statutory renewal date of March 31, 2014.

6. When are Money Transmitter licensees required to upload the audited year-end financial statements to the NMLRS?

Answer: Due to the change in the renewal date (See IC 28-8-4-38); the annual renewal will be due on December 31 of each year. Money Transmitter licensees will have until April 30 of the subsequent year to upload to the NMLRS the calendar or fiscal year-end audited financial statements. Current year audited financial statements not received within four calendar months of the licensed Money Transmitter's calendar or fiscal year-end will be assessed daily delinquency charges as outline in IC 28-8-4-41.

Below are examples of audited financial due dates:

- A. Calendar year-end December 31, 2013, audited financials due no later than April 30, 2014.
- B. Fiscal year-end February 28, 2014, audited financials due no later than June 30, 2014.
- C. Fiscal year-end March 31, 2014, audited financials due no later than July 31, 2014.

7. For clarification purposes what is the net worth requirement for a Money Transmitter licensee?

Answer: Audited financial statements must confirm the Money Transmitter has a net worth of at least \$600,000 (See IC 28-8-4-24(12)). Net worth must be "maintained" at a consistent level equal to or exceeding \$600,000 at all times.

8. Have there been any changes made to the authorized delegate/agent provisions of the MTA?

Answer: Yes, a licensee must give the department notice of the resignation, discharge, or termination of an authorized delegate whom allegations were made that accused the authorized delegate of:

(1) violating this chapter or other laws, regulations, rules, or industry standards of conduct applicable to money transmission; or

(2) fraud, dishonesty, theft, or the wrongful taking of property. The licensee shall provide the department the notice required under this subsection not later than thirty (30)

days after the effective date of the resignation, discharge, or termination (See IC 28-8-4-49(c)). Failure to comply may subject the licensee to penalties as provided under IC 28-8-4-53.

OTHER BILLS OF INTEREST:

SB 238: Charges for Consumer Loans and Credit Sales - This bill was passed in an attempt to provide greater flexibility to borrowers with less-than-perfect credit. The act changed some of the amounts that a lender may charge in connection with a consumer credit sale, a consumer loan and a supervised loan. SEA 238 increases the amount of the credit service charge or loan finance charge that a lender may contract for and receive. Under SEA 238, lenders may charge borrowers the greater of: 25% per year on the unpaid balance of the amount financed; or A graduated amount equal to the total of: (1) 36 % per year on that part of the unpaid balance of the amount financed which is \$2000 or less; (2) 21 % per year on that part of the unpaid balance of the amount financed which is more than \$2000 but does not exceed \$4000; and (3) 15 % per year on that part of the unpaid balance of the amount financed which is more than \$4000. Additional SEA 238 authorizes lenders to contract for and receive a loan origination fee equal to \$50 in connection with a supervised loan. SEA 238 also increases the loan finance charge for consumer loans from its present 21 % to 25 %. These changes became effective July 1, 2013. While the department was neutral on this bill, it was involved in monitoring and making certain suggestions on language. The Governor signed by bill on April 26, 2013.

LEGISLATIVE CHANGES

HB 1079: Mortgages and Liens on Real Property - This bill provides that if the record of a mortgage or vendor's affidavit that was created before July 1, 2012, does not show a due date of the last installment, the mortgage or vendor's lien expires 20 years (instead of 10 years under prior law) after the date of execution. The legislation is the codification of the court settlement on SEA 298 from the 2012 General Assembly. SEA 298 was the legislation that set the mortgage expiration date at 10 years from the previous 20-year requirement on mortgages that did not already have an expiration date. Most importantly, this bill ensures that SEA 298 is not retroactive. HEA 1079 ensures that the law will apply to mortgages implemented on or after July 1, 2012.

HB 1132: Mortgage Release by Title Companies - HEA 1132 allows the resources of the Indianapolis housing trust fund to be used to fund programs considered appropriate to meeting housing and community development needs of certain families. It also requires a party filing a praecipe for a sheriff's sale to pay delinquent sewer liens on the property under certain circumstances. The enrolled act requires an interim study commission to study certificates of release of liens on mortgaged property during the 2013 interim. The department was neutral on this bill.

HEA 1018: Financial Institutions Tax and Public Deposit Insurance Fund - This bill lowered the financial institutions tax from 8.5% to 6.5% over a four-year period. It repays \$50 million taken by the General Assembly in 2003 over a 10 year period. HEA 1018 also reverts the interest that has been diverted to the pre-1977 police and firefighter pension fund back into the Public Deposit Insurance Fund to allow it to rebuild. Additionally, the bill requires approval of the state budget committee before funds can be removed from the PDIF for purposes other than what is currently specified in the law.

HEA 1482: Expungement - HEA 1482, Indiana's expungement statute, allows persons convicted of certain crimes to petition for reduction or elimination of criminal records. The law took effect July 1, 2013, but its complexity concerned many prosecutors and defense attorneys. The law includes these general provisions for people with no subsequent convictions or criminal charges:

- People arrested but not convicted, or convicted but vacated on appeal, may petition the court to seal records no earlier than one year after the date of arrest.
 - People convicted of a misdemeanor, or a Class D felony reduced to misdemeanor, may petition the court to expunge conviction records no earlier than five years after the conviction.
 - People convicted of most non-violent felonies may petition the court to expunge conviction records no earlier than eight years after the conviction.
- People convicted of most other felonies may petition the court to expunge conviction records no earlier than 10 years after the conviction with the consent of the prosecuting attorney. The remedy is not available to sex offenders, violent offenders or those convicted of official misconduct or human and sexual trafficking.

The Criminal Law and Sentencing Policy study committee considered a preliminary draft making numerous revisions at its October 31st meeting and approved a version with modifications. Rep. McMillin filed the bill in the 2014 General Assembly and ultimately it was adopted. Specifically, the 2014 General Assembly, at the urging of the department, adopted HEA 1155 to provide an exclusion for a person required to access expunged records to comply with the Secure and Fair Enforcement for Mortgage Licensing Act (12 U.S.C. 5101 et seq.) or regulations adopted under the Secure and Fair Enforcement for Mortgage Licensing Act.

BANK AND TRUST DIVISION

The bank and trust division is responsible for the supervision of Indiana's state-chartered commercial banks, savings banks, savings associations, industrial loan and investment companies, and corporate fiduciaries. The division, through examination and supervisory activities, seeks to ensure that these organizations are operated in a safe and sound manner, that the public has confidence in the financial system, and that the interests of depositors, creditors and consumers are protected. Examinations, financial report analysis, and monitoring are the primary tools used to meet those responsibilities. Division staff is also responsible for applying the laws that govern regulated institutions. Titles 28 (Financial Institutions), 29 (Probate), and 30 (Trusts and Fiduciaries) of the Indiana Code are the relevant state laws.

As of December 31, 2013, there were 128 depository institutions, excluding credit unions, in Indiana compared to 132 at year-end 2012, 142 at year-end 2011, and 144 at year-end 2010. Of the 128 depository institutions at year-end 2013, there were 81 FDIC-insured state-chartered commercial banks, six FDIC-insured state chartered savings banks, one FDIC-insured state chartered savings association, one FDIC-insured industrial loan and investment company. In addition, the bank and trust division had jurisdiction and regulation over two non-depository industrial loan and investment companies, seven corporate fiduciaries and three inactive industrial loan and investment companies. The corporate fiduciaries and inactive industrial loan and investment companies are not included in the consolidated financial information as of December 31, 2013.

Indiana's state-chartered financial institutions under the jurisdiction of the division reported total consolidated assets of \$41.2 billion at the end of 2013 which represented a 3.21% increase from the year-end 2012 total. Due mainly to the recovery from the recession, improvement is noted in the performance and condition of Indiana's financial institutions as reflected in most financial categories and ratios from year-end 2012 to year-end 2013. Reduced interest expense and loan provisions helped lift the earnings performance for financial institutions. In 2013, 1.90% of all Indiana financial institutions were unprofitable compared to 3.74% in 2012, 8.26% in 2011, 10.0% in 2010, and 21.4% in 2009. The aggregate provision to the allowance for loan and lease losses for all state-chartered banks decreased from \$474 million for 2008 to \$303 million for 2009 to \$272 million for 2010 to \$173 million in 2011 to \$93 million for 2012 and to \$43 million in 2013. National banks' loan provisions decreased from \$351 million for year-end 2009 to \$244 million for year-end 2010 to \$75 million for year-end 2011 to \$45 million for year-end 2012, and to \$17 million for year-end 2013.

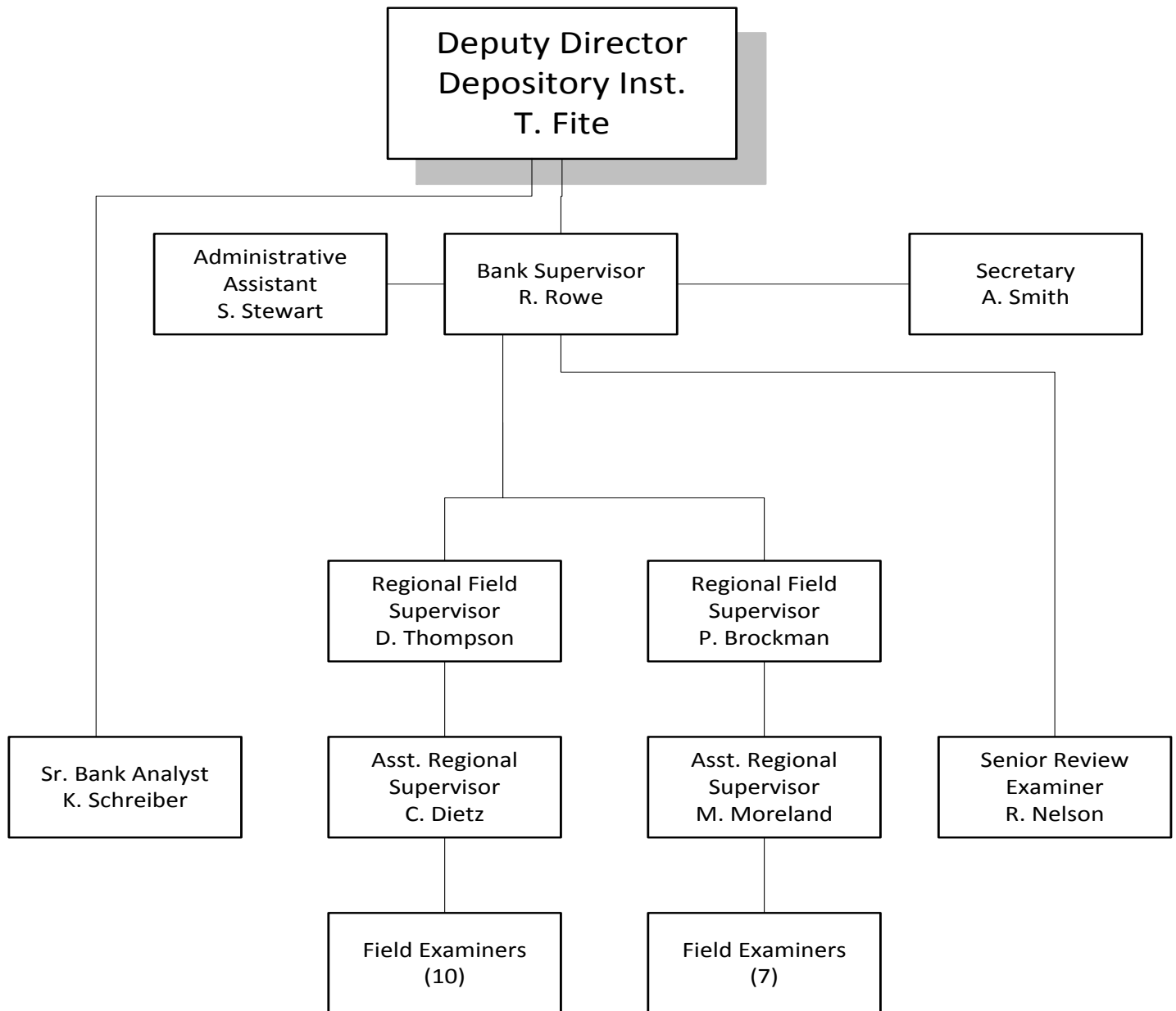
Bank liquidity continues to improve as institutions have reduced their reliance on noncore funding and liquid assets increase. Total deposits for state chartered institutions increased \$794 million or 2.41% for 2013 compared to \$2.5 billion or 8.09% in 2012. As of December 31, 2013, the Loan to Deposit ratio for state banks was 83.91% and 74.15% for national banks.

The aggregate return on assets ("ROA") for state-chartered financial institutions in 2013 was 1.13%, down slightly from 1.15% at year-end 2012. National banks' aggregate ROA was also down slightly from 1.03% to 0.99% during the same time-frame. Net loan charge-offs for state chartered financial institutions amounted to 0.24% of total loans and leases, decreased slightly from 0.41% a year earlier. Net loan charge-offs for national banks decreased from 0.38% as of December 31, 2012, to 0.23% as of December 31, 2013.

Aggregate equity capital in Indiana's state chartered financial institutions increased 1.30% at \$4.43 billion at year end 2013, up from \$4.37 billion in 2012. The total equity capital to total assets ratio was 10.74%, down slightly from 10.94% at year-end 2012. National banks' aggregate equity capital was \$2.6 billion at year-end 2013. The total equity capital to total assets ratio for national banks decreased from 11.41% at year-end 2012 to 10.98% at year-end 2013.

Consolidated statements of income and balance sheets for Indiana financial institutions, as well as other statistics and activity, can be found on the following pages.

BANK DIVISION



COMPARATIVE STATEMENT STATE CHARTERED BANKS

ACCOUNT DESCRIPTIONS (\$ In Millions)	12/31/2013	% CHANGE	12/31/2012	% CHANGE	12/31/2011	% CHANGE	12/31/2010
Assets	41,223	3.21%	39,939	7.66%	37,096	2.53%	36,181
Deposits	33,719	2.41%	32,925	8.09%	30,462	2.97%	29,582
Total Equity Capital Adjusted	4,427	1.30%	4,370	7.93%	4,049	7.69%	3,760
Tier 1 Capital	4,211	6.04%	3,971	8.03%	3,676	5.18%	3,495
LVR	456	-5.39%	482	-2.63%	495	-2.94%	510
Total Capital	4,667	4.81%	4,453	6.76%	4,171	4.14%	4,005
Total Net Charge-Offs	68	-38.18%	110	-35.29%	170	-24.78%	226
Total Gross Loans & Leases	28,293	6.61%	26,540	6.83%	24,844	-0.80%	25,045
Total Securities	8,782	0.35%	8,751	10.23%	7,939	8.81%	7,296
Federal Funds Sold	148	-41.50%	253	-18.12%	309	6.19%	291
Interest Bearing Balances	1,177	-16.70%	1,413	14.23%	1,237	44.17%	858
Trading Account Securities	13	-31.58%	19	-5.00%	20	11.11%	18
Total Earning Assets	37,957	4.01%	36,494	7.80%	33,854	2.59%	32,998
Total Interest Income	1,533	-3.22%	1,584	-1.49%	1,608	-5.36%	1,699
Total Interest Expense	184	-26.69%	251	-20.82%	317	-24.16%	418
Net Interest Income	1,349	1.20%	1,333	3.25%	1,291	0.78%	1,281
Total Non-interest Income	440	-3.93%	458	17.74%	389	-6.71%	417
Total Non-interest Expenses	1,155	2.03%	1,132	4.04%	1,088	1.02%	1,077
Loan Provisions	43	-53.76%	93	-46.24%	173	-36.40%	272
Net Income	454	2.02%	445	32.44%	336	23.53%	272

THE FINANCIAL INFORMATION TO COMPILE THIS SCHEDULE AND THE FOLLOWING FINANCIAL SCHEDULES WAS OBTAINED THROUGH THE FEDERAL DEPOSIT INSURANCE CORPORATION'S STATISTICS ON DEPOSITORY INSTITUTIONS DATABASE.

ACCOUNT DESCRIPTIONS	State	National	State	National
(\$ IN MILLIONS)	12/31/2013	12/31/2013	12/31/2012	12/31/2012
Number of Banks	91	14	92	15
Consolidated Balance Sheet				
Total Gross Loans & Leases	28,293	13,689	26,540	13,279
Total Allowance for Loans & Leases (ALLL)	456	184	482	202
Total Net Loans & Leases	27,837	13,505	26,058	13,077
Total Securities	8,782	6,588	8,751	5,882
Total Interest Bearing Balances	1,177	432	1,413	464
Total Fed Funds Sold/Repurchase Agreements	148	23	253	47
Total Trading Accounts	13	0	19	0
Total Earning Assets	37,957	20,548	36,494	19,470
Total Cash and Due From Bank	708	448	896	501
Total Premises and Fixed Assets	621	325	598	279
Total Other Real Estate Owned	122	59	157	68
Total Other Assets	1,815	1,855	1,794	1,741
Total Assets	41,223	23,235	39,939	22,059
Average Assets	40,263	22,283	38,607	21,150
Total Deposits	33,719	18,460	32,925	17,448
Total Fed Funds Purchased	799	1,152	762	1,178
Total Other Borrowed Funds	1,977	789	1,538	586
Total Subordinated Debt	1	5	1	5
Total All Other Liabilities	300	277	343	324
Total Liabilities	36,796	20,683	35,569	19,541
Total Equity Capital	4,427	2,552	4,370	2,518
Total Liabilities and Equity Capital	41,223	23,235	39,939	22,059

ACCOUNT DESCRIPTIONS	State	National	State	National
(\$ IN MILLIONS)	12/31/2013	12/31/2013	12/31/2012	12/31/2012
Number of Banks	91	14	92	15

Consolidated Income Statement

Total Interest Income	1,553	811	1,584	833
Total Interest Expense	184	72	251	101
Total Net Interest Income	1,349	739	1,333	732
Total Non Interest Income	440	248	458	265
Total Non Interest Expense	1,155	664	1,132	662
Total Loan Provisions	43	17	93	45
Total Pre Tax Operating Income	591	306	566	290
Total Securities Gains/Losses	13	4	19	17
Total Applicable Income Tax	150	89	140	89
Total Income Before Extraordinary Items	454	221	445	218
Total Net Extraordinary Items	0	0	0	0
Total Net Income	454	221	445	218
Total Net Charge-Offs	68	31	110	51
Total Cash Dividends Declared	224	197	270	119

Ratio Analysis

Net Income to Average Assets	1.13%	0.99%	1.15%	1.03%
Net Income to Year End Total Equity	10.26%	8.66%	10.18%	8.66%
Net Interest Income to Average Assets	3.35%	3.32%	3.45%	3.46%
Total Loans to Total Deposits	83.91%	74.15%	80.61%	76.11%
Loan Loss Provisions to Total Loans	0.15%	0.12%	0.35%	0.34%
ALLL to Total Loans	1.61%	1.34%	1.82%	1.52%
Net Charge-Offs to Total Loans	0.24%	0.23%	0.41%	0.38%
Total Equity Capital to Total Assets	10.74%	10.98%	10.94%	11.41%
Total Equity Capital and ALLL to Total Assets and ALLL	11.72%	11.68%	12.00%	12.22%

RETURN ON ASSETS (ROA) OF THE STATE BANKS IN INDIANA 2013 VS 2012
(\$ IN MILLIONS)

	2013			2012		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	36	25,626	344	37	25,448	345
.75% TO .99%	24	9,037	75	24	7,702	68
.50% TO .74%	16	4,372	29	16	4,731	28
BELOW .50%	15	2,188	6	15	2,058	4
	91	41,223	454	92	39,939	445

RETURN ON ASSETS (ROA) OF THE NATIONAL BANKS IN INDIANA 2013 VS 2012
(\$ IN MILLIONS)

	2013			2012		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	3	16,602	172	4	18,319	197
.75% TO .99%	2	3,347	31	3	673	5
.50% TO .74%	7	2,698	1	4	786	1
BELOW .50%	2	588	1	4	786	1
	14	23,235	221	15	22,059	218

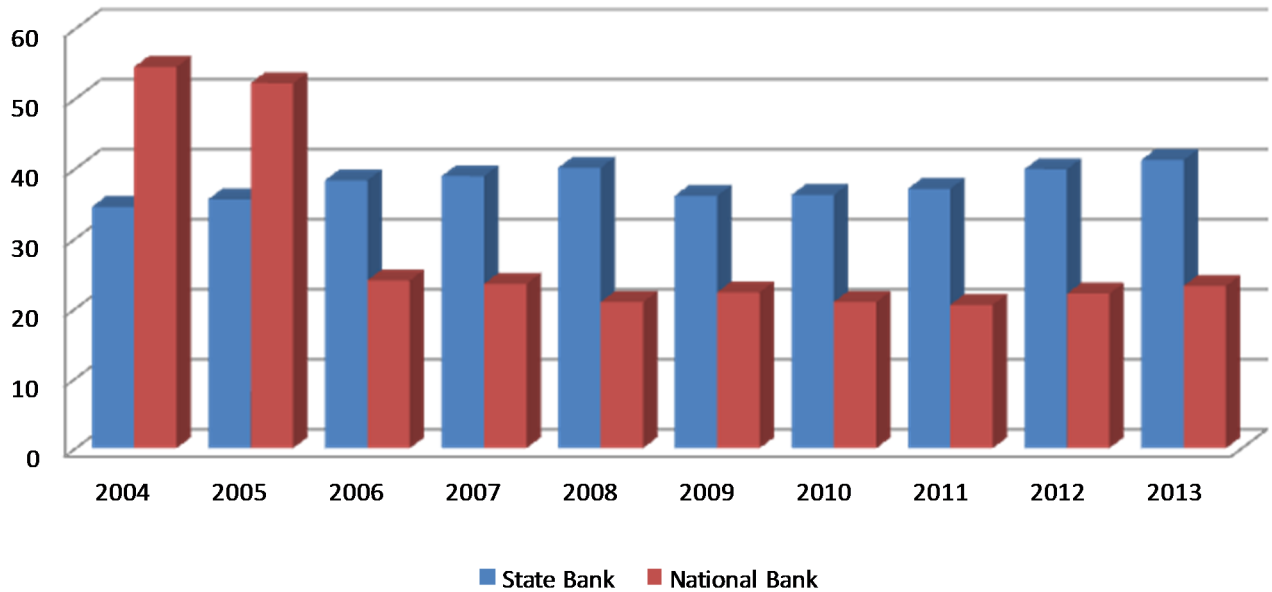
HOLDING COMPANY OWNERSHIP ANALYSIS

(\$ IN MILLIONS)

DATA AS OF 12/31/2013	NUMBER OF BANKS	NUMBER OF HC'S	TOTAL ASSETS	ASSETS %	TOTAL DEPOS- ITS	DEPOSITS %
INDEPENDENT BANKS						
State Banks w/o HC	10	0	\$719	1.12%	\$590	1.13%
IN HC w/One State Bank	75	75	\$38,916	60.37%	\$31,831	61.00%
National Banks w/o HC	1	0	\$315	0.49%	\$284	0.54%
IN HC w/One National Bank	11	11	\$19,463	30.19%	\$15,335	29.39%
TOTALS	97	86	\$59,413	92.175	\$48,040	92.07%
INDIANA MULTI-BK HOLDING CO.						
IN HC w/One or More State Banks	4	3	\$1,343	2.08%	\$1,079	2.07%
IN HC w/One or More National Banks	2	2	\$3,457	5.36%	\$2,841	5.44%
Sub Total	6	5				
Holding Company Duplications	0	-1				
TOTALS	6	4	\$4,800	7.45%	\$3,920	7.51%
OUT OF STATE MULTI-BK HOLD- ING CO.						
O-ST HC w/One or More State Banks	2	2	\$245	0.38%	\$219	0.42%
O-St HC w/One or More National Banks	0	0	\$0	0.00%	\$0	0.00%
Sub Total	2	2				
Holding Company Duplications	0	0				
TOTALS	2	2	\$245	0.38%	\$219	0.42%
GRAND TOTALS	105	92	\$64,458	100.00%	\$52,179	100.00%

DATA AS OF 12/31/2013	NUMBER OF BANKS	NUMBER OF HC'S	TOTAL ASSETS	ASSETS %	TOTAL DEPOS- ITS	DEPOSITS %
INDEPENDENT BANKS						
State Banks w/o HC	9	0	\$628	1.01%	\$518	1.03%
IN HC w/One State Bank	76	76	\$37,715	60.83%	\$31,098	61.74%
National Banks w/o HC	1	0	\$315	0.51%	\$280	0.56%
IN HC w/One National Bank	12	12	\$18,423	29.72%	\$14,556	28.90%
TOTALS	98	88	\$57,081	92.07%	\$46,452	92.22%
INDIANA MULTI-BK HOLDING CO.						
IN HC w/One or More State Banks	5	3	\$1,321	2.13%	\$1,062	2.11%
IN HC w/One or More National Banks	2	2	\$3,322	5.36%	\$2,612	5.19%
Sub Total	9	6				
Holding Company Duplications	0	-1				
TOTALS	7	4	\$4,643	7.49%	\$674	7.29%
OUT OF STATE MULTI-BK HOLD- ING CO.						
O-ST HC w/One or More State Banks	2	2	\$274	0.44%	\$247	0.49%
O-St HC w/One or More National Banks	0	0	\$0	0.00%	\$0	0.00%
Sub Total	2	2				
Holding Company Duplications	0	0				
TOTALS	2	2	\$274	0.44%	\$247	0.49%
GRAND TOTALS	107	94	\$61,998	100.00%	\$50,373	100.00%

Total Assets - State & National Banks (\$IN BILLIONS)



Year	State Banks Total Assets (\$ In Billions)	%	National Banks Total Assets (\$ In Billions)	%
2004	34.5	38.8%	54.5	61.2%
2005	35.6	40.5%	52.2	59.5%
2006	38.3	61.5%	24.0	38.5%
2007	38.9	62.3%	23.5	37.7%
2008	40.1	65.7%	20.9	34.3%
2009	36.1	61.8%	22.3	38.2%
2010	36.2	63.4%	20.9	36.6%
2011	37.1	64.4%	20.5	35.6%
2012	39.9	64.4%	22.1	36.6%
2013	41.2	64.0%	23.2	36.0%

SUMMARY OF STATE BANK BRANCH OPENINGS IN 2013

NAME	CITY	ADDRESS	CITY	STATE	OPENED
Salin Bank and Trust Company	Indianapolis	11555 Allisonville Road	Fishers	IN	1/2/2013
German American Bancorp	Jasper	445 5th Street Suite B	Columbus	IN	2/18/2013
German American Bancorp	Jasper	961 South Hebron	Evansville	IN	2/25/2013
MainSource Bank	Greensburg	1901 25th Street	Columbus	IN	3/18/2013
Centier Bank	Whiting	601 East Dupont Road	Fort Wayne	IN	4/3/2013
Your Community Bank	New Albany	2452 Sir Barton Way	Lexington	KY	4/20/2013
Your Community Bank	New Albany	3346 Bates Creek Road	Lexington	KY	4/20/2013
Your Community Bank	New Albany	110 West Vine Street	Lexington	KY	4/20/2013
Your Community Bank	New Albany	833 Lane Allen Road	Lexington	KY	4/20/2013
Your Community Bank	New Albany	701 South Broadway	Georgetown	KY	4/20/2013
The Elberfeld State Bank	Elberfeld	3403 North Green River Road	Evansville	IN	5/6/2013
Centier Bank	Whiting	9704 Lincoln Plaza Center	Cedar Lake	IN	5/16/2013
Centier Bank	Whiting	2635-169th Street	Hammond	IN	6/12/2013
North Salem State Bank	North Salem	2200 North Lebanon Street	Lebanon	IN	7/1/2013
MainSource Bank	Greensburg	101 West Kirkwood Avenue, Suite 116	Bloomington	IN	9/16/2013
First Farmers Bank and Trust Company	Converse	129 Maple Street	Dana	IN	10/28/2013
First Farmers Bank and Trust Company	Converse	42 South State Road	135 Bargersville	IN	10/28/2013
First Farmers Bank and Trust Company	Converse	100 East Short Street	Hamlet	IN	10/28/2013
First Farmers Bank and Trust Company	Converse	302 Keller Avenue	North Judson	IN	10/28/2013
River Valley Financial Bank	Madison	820 S. Buckeye Street	Osgood	IN	11/25/2013
MainSource Bank	Greensburg	8475 State Road 9	Hope	IN	12/6/2013
1st Source Bank	South Bend	3944 McCarty Lane	Lafayette	IN	12/9/2013

SUMMARY OF STATE BANK BRANCH CLOSINGS IN 2013

NAME	CITY	ADDRESS	CITY	STATE	CLOSED
MutualBank	Muncie	110 West Pearl Street	Winchester	IN	1/1/2013
MainSource	Greensburg	422 North Union Street	Redkey	IN	4/26/2013
MainSource	Greensburg	325 South Main Street	Fortville	IN	4/26/2013
MainSource	Greensburg	200 West Main Street	Cambridge City	IN	4/26/2013
MainSource	Greensburg	114 U.S. Highway 27 South	Fountain City	IN	4/26/2013
MainSource	Greensburg	11 Trafalgar Square	Trafalgar	IN	4/26/2013
MainSource	Greensburg	13008 North State Road 56	East Enterprise	IN	4/26/2013
MainSource	Greensburg	417 Liberty Street	Covington	IN	4/26/2013
MainSource	Greensburg	527 North Market Street	Troy	OH	4/26/2013
Jackson County Bank	Seymour	1515 K Street	Bedford	IN	7/1/2013
Salin Bank and Trust Company	Indianapolis	605 Dixon Road	Kokomo	IN	7/6/2013
Your Community Bank	New Albany	701 South Broadway	Georgetown	KY	7/26/2013
Your Community Bank	New Albany	833 Lane Allen Road	Lexington	KY	7/26/2013
Pacesetter Bank	Hartford City	28 East Berry Avenue	Upland	IN	8/31/2013
Citizens State Bank of New Castle	New Castle	121 East Main Street	Spiceland	IN	8/31/2013
Salin Bank and Trust Company	Indianapolis	100 South Main Street	Walton	IN	9/6/2013
Salin Bank and Trust Company	Indianapolis	401 North Michigan Road	Burlington	IN	9/6/2013
Centier Bank	Whiting	601 East DuPont Road	Fort Wayne	IN	10/11/2013
German American Bancorp	Jasper	211 South College Avenue	Bloomington	IN	11/18/2013
Star Financial Bank	Fort Wayne	14675 Hazel Dell Crossing, Suite B	Noblesville	IN	11/29/2013
Star Financial Bank	Fort Wayne	7373 W SR 28	Elwood	IN	12/6/2013
Star Financial Bank	Fort Wayne	2701 West Jackson Street	Muncie	IN	12/13/2013

NEW STATE BANK SUBSIDIARIES IN 2013

SUBSIDIARY NAME	BANK NAME	CITY	PURPOSE	ESTABLISHED
LSB Real Estate, Inc.	The LaPorte Savings Bank	LaPorte	Real Estate Investment Trust	1/1/2013
DEW Real Estate Holdings, LLC	First State Bank of Middlebury	Middlebury	Special Assets	2/5/2013
Kentuckiana Real Estate Holdings, LLC	Your Community Bank	New Albany	Special Assets	3/26/2013
YCB Real Estate Holdings, LLC	Your Community Bank	New Albany	Special Assets	3/26/2013
Southern Indiana Real Estate Holdings, LLC	The Scott County State Bank	Scottsburg	Special Assets	4/3/2013
SCSB Real Estate Holdings, LLC	The Scott County State Bank	Scottsburg	Special Assets	4/3/2013

CONVERSIONS IN 2013

Name	City	Converted Name	City	Consummated
NONE				

BRANCH OFFICE RELOCATIONS IN 2013

Name	From/To Address	From/To City	Moved
1st Source Bank	404 West Plaza Drive 630 Countryside Drive	Columbia City Columbia City	1/2/2013
Salin Bank and Trust Company	601 East Dupont Road 9835 Lima Road	Fort Wayne Fort Wayne	2/4/2013
The Scott County State Bank	1050 North Gardner Street 307 West Main Street	Scottsburg Austin	2/25/2013
Centier Bank	6110 Broadway 6001 Broadway	Merrillville Merrillville	4/30/2013
Centier Bank	154 Morthland Drive 360 Morthland Drive	Valparaiso Valparaiso	6/27/2013
MainSource Bank	1104 Tipton Street, Suite B 1130 East Tipton Street	Seymour Seymour	8/19/2013
Lafayette Community Bank	1215 Potter Drive 1980 Northwestern Avenue	West Lafayette West Lafayette	8/26/2013
German American Bancorp	445 5th Street 240 Jackson Street	Columbus Columbus	12/20/2013

MAIN OFFICE RELOCATIONS IN 2013

NAME	FROM/TOADDRESS	FROM/TO CITY	MOVED
First Internet Bank of Indiana	9200 Keystone Crossing, Suite 800 8888 Keystone Crossing #1700	Indianapolis Indianapolis	3/4/2013
Lafayette Community Bank	2 North 4th Street 301 South Street	Lafayette Lafayette	9/9/2013
Lake County Trust Company	2200 North Main Street 9800 Connecticut Street, Suite B2-900	Crown Point Crown Point	11/22/2013

MERGERS/CONSOLIDATIONS OF STATE BANKS IN 2013

SURVIVING INSTITUTION/INSTITUTION MERGED	MERGED CITY	SURVIVING INSTITUTION	CITY	CONSUMATED
Citizens State Bank of New Castle Pacesetter Bank	New Castle Hartford City	Citizens State Bank of New Castle	New Castle	9/20/2013
German American Bancorp United Commerce Bank	Jasper Bloomington	German American Bancorp	Jasper	10/1/2013

HOLDING COMPANY ACQUISITIONS IN 2013

HOLDING COMPANY NAME	CITY	TARGET NAME	CITY	CONSUMMATED
NONE				

ADDITIONS & DELETIONS IN 2013

NAME	CITY	ACTIVITY	EFFECTIVE DATE
Pacesetter Bank	Hartford City	Merged with Citizens State Bank of New Castle, New Castle	9/20/2013
United Commerce Bank	Bloomington	Merged with German American Bancorp, Jasper	10/1/2013

ACTIVE STATE FINANCIAL INSTITUTIONS 2013

DFIID	NAME	CITY	TOTAL ASSETS
263	Community State Bank	Avilla	\$209,449
161	Bath State Bank	Bath	\$150,430
182	First Bank of Berne	Berne	\$547,340
280	Bloomfield State Bank	Bloomfield	\$382,035
139	Boonville Federal Savings Bank	Boonville	\$40,189
229	Peoples Trust & Savings Bank	Boonville	\$148,726
37	The Farmers & Merchants Bank	Boswell	\$114,960
226	The First State Bank	Bourbon	\$86,693
171	Community State Bank	Brook	\$59,646
284	The Farmers State Bank	Brookston	\$70,349
227	Hendricks County Bank & Trust Company	Brownsburg	\$151,473
149	The Peoples Bank	Brownstown	\$177,729
244	State Bank of Burnettsville	Burnettsville	\$46,779
39	Wayne Bank and Trust Company	Cambridge City	\$134,235
209	First Farmers Bank and Trust Company	Converse	\$1,225,231
144	The Fountain Trust Company	Covington	\$278,520
273	Hoosier Heartland State Bank	Crawfordsville	\$145,064
281	DeMotte State Bank	DeMotte	\$372,278

ACTIVE STATE FINANCIAL INSTITUTIONS 2013

DFIID	NAME	CITY	TOTAL ASSETS
223	The Elberfeld State Bank	Elberfeld	\$63,859
10990	The Peoples State Bank	Ellettsville	\$197,489
245	Evansville Commerce Bank	Evansville	\$78,016
57	First Federal Savings Bank	Evansville	\$376,832
8	Citizens Exchange Bank	Fairmount	\$63,836
30	The Fairmount State Bank	Fairmount	\$42,315
285	IAB Financial Bank	Fort Wayne	\$947,386
310	STAR Financial Bank	Fort Wayne	\$1,663,674
8587	Tower Bank and Trust Company	Fort Wayne	\$692,841
28	Fowler State Bank	Fowler	\$134,551
9	Alliance Bank	Francesville	\$316,717
205	The Farmers Bank	Frankfort	\$446,375
14	Mutual Savings Bank	Franklin	\$123,754
132	Springs Valley Bank & Trust Company	French Lick	\$244,771
233	The Friendship State Bank	Friendship	\$315,879
172	The Garrett State Bank	Garrett	\$196,654
146	Bank of Geneva	Geneva	\$205,357
9158	Indiana Community Bank	Goshen	\$86,391
277	Greenfield Banking Company	Greenfield	\$446,995
20216	ABF, Inc.	Greensburg	\$64,955
143	MainSource Bank	Greensburg	\$2,847,543
8800	Freedom Bank	Huntingburg	\$334,258
73	First Federal Savings Bank	Huntington	\$268,503
38	The Bippus State Bank	Huntington	\$124,954
7650	First Internet Bank of Indiana	Indianapolis	\$800,870
10640	Indiana Business Bank	Indianapolis	\$68,618
179	Salin Bank and Trust Company	Indianapolis	\$778,952
291	German American Bancorp	Jasper	\$2,159,327
289	The Campbell & Fetter Bank	Kendallville	\$297,223
240	Kentland Bank	Kentland	\$306,312
10203	Community First Bank of Howard County	Kokomo	\$194,977
184	The LaPorte Savings Bank	LaPorte	\$518,862
9033	Lafayette Community Bank	Lafayette	\$146,633
253	Farmers State Bank	Lagrange	\$526,666
238	Farmers & Merchants Bank	Laotto	\$123,666
31	State Bank of Lizton	Lizton	\$367,272
166	Merchants Bank of Indiana	Lynn	\$1,179,417
258	River Valley Financial Bank	Madison	\$482,383
252	State Bank of Medora	Medora	\$64,862
183	Farmers State Bank	Mentone	\$142,066
175	First State Bank of Middlebury	Middlebury	\$402,290

ACTIVE STATE FINANCIAL INSTITUTIONS 2013

DFIID	NAME	CITY	TOTAL ASSETS
137	Peoples Savings & Loan Association, Monticello	Monticello	\$35,472
187	Citizens Bank	Mooreville	\$378,129
17	MutualBank	Muncie	\$1,391,032
649	Peoples Bank SB	Munster	\$693,344
194	The Napoleon State Bank	Napoleon	\$189,703
50	Your Community Bank	New Albany	\$714,172
56	Ameriana Bank	New Castle	\$455,057
224	Citizens State Bank	New Castle	\$420,523
235	The New Washington State Bank	New Washington	\$238,262
234	Community Bank	Noblesville	\$268,635
170	The North Salem State Bank	North Salem	\$192,876
33	Ossian State Bank	Ossian	\$102,530
207	First State Bank of Porter	Porter	\$158,323
168	Community State Bank of Southwestern Indiana	Poseyville	\$65,743
314	West End Bank, SB	Richmond	\$254,107
16	Tri-County Bank & Trust Company	Roachdale	\$188,019
35	Community State Bank	Royal Center	\$110,175
7990	Midwest Ag Finance, Incorporated	Rushville	\$106,663
153	Spencer County Bank	Santa Claus	\$111,879
199	The Scott County State Bank	Scottsburg	\$135,048
225	Jackson County Bank	Seymour	\$440,606
176	1st Source Bank	South Bend	\$4,711,247
311	Our Community Bank	Spencer	\$69,567
228	Owen County State Bank	Spencer	\$168,939
278	Grant County State Bank	Swayzee	\$116,503
293	Terre Haute Savings Bank	Terre Haute	\$304,883
317	The Morris Plan Company of Terre Haute	Terre Haute	\$72,947
270	CentreBank	Veedersburg	\$62,432
222	Lake City Bank	Warsaw	\$3,168,527
236	The Merchants Bank & Trust Company	West Harrison	\$225,187
215	Centier Bank	Whiting	\$2,351,095
282	Bank of Wolcott	Wolcott	\$135,490

ACTIVE CORPORATE FIDUCIARIES 2013

		(IN THOUSANDS)
		TRUST
NAME	CITY	ASSETS UNDER ADMINISTRATION
Trust Company of Oxford	Carmel	\$1,503,319
Lake County Trust Company	Crown Point	\$1
Tower Trust Company	Fort Wayne	\$538,315
Hoosier Trust Company	Indianapolis	\$234,779
German American Financial Advisors & Trust Company	Jasper	\$298,120
Harbour Trust and Investment Management Company	Michigan City	\$537,783
Indiana Trust and Investment Management Company	Mishawaka	\$1,357,637

DIVISION OF CREDIT UNIONS

The Credit Union Division regulates and supervises state chartered credit unions under the authority of the Indiana Credit Union Act. The division's primary goal is ensuring the state chartered credit unions operate safely and soundly, and in compliance with state statutes.

PERSONNEL AND TRAINING

Credit Union Supervisor Mark Powell directs a division comprised of a highly trained, professional staff comprised of six field examiners.

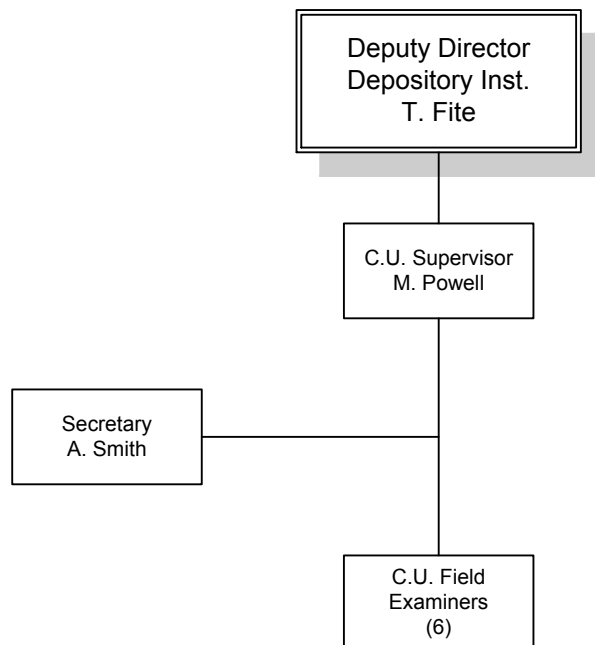
The Credit Union Division continues to provide extensive training and professional development to its examiners. In 2013 division management and staff attended training sessions sponsored by both the National Credit Union Administration (NCUA) and the National Association of State Credit Union Supervisors (NASCUS). These sessions provided up-to-date training on bank secrecy act/anti-money laundering issues, current and emerging issues, investment/asset liability management issues, consumer, commercial and real estate lending, fraud detection, and effective problem resolution. These sessions also afforded an exchange of ideas and experiences with examiners from outside Indiana.

Credit Union Division staff also attended a three day training conference for all Department employees held in Bloomington during October 2013. Topics covered included bank fraud and data mining, legislative updates, overview of federal compliance, risk management, and a general economic update.

EXAMINATION AND SUPERVISION

With certain exceptions the division's goal is to perform an examination of each of our state chartered credit unions within a fifteen/eighteen month cycle. This goal was met during 2013. Examiners also performed several interim contacts at credit unions exhibiting problem areas. In addition to on-sight contacts, supervision occurred via monthly reporting to assigned examiners.

The division's approach to examination is "risk based." Each Examiner-in-Charge determines the scope at the onset of the examination, based on the perceived risk inherent in the credit union's operation. Factors involved in the scope determination include, but are not limited to: prior examination findings and ratings; perceived quality and stability of



DIVISION OF CREDIT UNIONS

management; the complexity of the credit union's product offerings; results of the annual audit; and information provided by management on the pre-examination survey.

The division continues to use the CAMEL rating system, which assigns ratings for Capital, Asset Quality, Management, Earnings and Liquidity. These areas receive a rating of 1 (best) to 5 (worst). A composite rating derives from the component ratings, and examiners' overall assessment of risk.

Credit unions which receive a CAMEL composite of "3" or below must submit monthly reports to their assigned examiners. Examiners compile and analyze the information. Division management reviews and coordinates supervision efforts.

Communicating with management is an integral part of the examination process. An exit conference occurs at the conclusion of each examination. During this conference the examination findings are discussed with the management team and board of directors of the credit union. We believe this contact aids communication of the problem areas, and hastens resolutions.

The division continued to work cooperatively with the National Credit Union Administration (NCUA) and American Share Insurance (ASI). The NCUA and ASI are responsible for the deposit insurance programs that insure all of the savings (shares) held by Indiana state chartered credit unions. The NCUA and ASI perform insurance-risk reviews in coordination with the examinations performed by division staff. Credit union division management personnel meet with their NCUA and ASI counterparts regularly to discuss problem credit unions' progress, and schedule joint contacts.

INDUSTRY ASSOCIATIONS

The division continued to work cooperatively with trade associations and professional organizations devoted to the benefit of the credit union industry. As part of our commitment, senior division and department staff attended several meetings with the Indiana Credit Union League to discuss potential legislation that would be proposed before the state legislature.

The division remains closely involved with the National Association of State Credit Union Supervisors (NASCUS). NASCUS promotes the dual chartering system, and the autonomy of state regulatory agencies. Credit Union Supervisor Mark Powell is a member of the Performance Standards Committee and has served as this committee's chairman in the past. During 2013 the division maintained its accredited status. The maintenance of accredited status involves extensive self-evaluation, prepared by examination and supervisory staff, and off-site review of the division's operation by NASCUS representatives. The division received unqualified approval of its operation during this review process. Indiana's Credit Union Division was the second state regulatory authority to receive NASCUS accreditation, in 1990, and we remain committed to the high ideals for which it stands.

FINANCIAL TRENDS

As of December 31, 2013 there were 44 active state chartered credit unions. The combined total assets of these 44 credit unions as of December 31, 2013 were \$10,519M ;an increase of \$301M over December 31, 2012. This translates to an 2.9% increase in the total assets of all state chartered credit unions in Indiana. Member deposits in Indiana credit unions increased from \$8,706M as of December 31, 2012 to \$8,996M as of December 31, 2013 . This represents a growth in deposits of 3.3%. Member loans made by Indiana credit unions increased from \$6,274M as of December 31, 2012 to \$6,691M as of December 31, 2013. This represents an increase of 6.7% in loans to members.

CREDIT UNION ANNUAL REPORT 12/31/13

BALANCE SHEET

	STATE CHARTERED CREDIT UNIONS			INDIANA FEDERALLY CHARTERED CREDIT UNIONS
<u>ASSETS</u>	<u>12/31/11</u>	<u>12/31/12</u>	<u>12/31/13</u>	<u>12/31/13</u>
Loans	6,037	6,274	6,691	6,957
Less: Allowance for Loan Loss	(64)	(59)	(57)	(85)
Cash on Hand, Cash on Deposit, & Cash Equivalents	1,252	1,313	890	698
Federal Agencies & U. S. Government Obli- gations	1,378	1,592	1,612	1,192
Banks, Savings & Loan & Mutual Sav. Banks	382	422	382	1,107
Other Investments	138	218	547	459
Other Assets	420	458	454	539
TOTAL ASSETS	<u>\$ 9,543</u>	<u>\$ 10,218</u>	<u>\$ 10,519</u>	<u>\$ 10,867</u>
 <u>LIABILITIES</u>				
Shares	8,048	8,706	8,996	9,417
Total Borrowings	378	319	298	248
Dividends Payable	1	1	1	1
Accounts Payable & Other Liabilities	<u>85</u>	<u>89</u>	<u>85</u>	<u>82</u>
TOTAL LIABILITIES	<u>\$ 8,512</u>	<u>\$ 9,115</u>	<u>\$ 9,380</u>	<u>\$ 9,749</u>
 EQUITY				
Regular Reserve	502	526	551	201
Other Reserve	13	16	20	40
Accumulated Unrealized Gain/Loss	10	12	(11)	(12)
Undivided Earnings	506	549	579	890
TOTAL EQUITY	<u>1,031</u>	<u>1,103</u>	<u>1,139</u>	<u>1,119</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 9,543</u>	<u>\$ 10,218</u>	<u>\$ 10,519</u>	<u>\$ 10,867</u>
Number of State Chartered Credit Unions:	44	44	44	
Number of Federally Chartered Credit Unions:	141	137	131	

INDIANA STATE-CHARTERED CREDIT UNIONS YEAR ENDED 12/31/13
INCOME STATEMENT
Schedule B (\$ In Millions)

	State Chartered Credit Unions			Indiana Federally Chartered Credit Unions
<u>INCOME</u>	<u>12/31/11</u>	<u>12/31/12</u>	<u>12/31/13</u>	<u>12/31/13</u>
Interest on Loans	321	301	285	339
Less Interest Refunds	(1)	(1)	(1)	
Income on Investments	34	33	34	37
Other Income	<u>134</u>	<u>147</u>	<u>148</u>	<u>165</u>
 TOTAL INCOME	 488	 480	 466	 541
 <u>EXPENSES</u>				
Employee Compensation & Benefits	157	166	169	192
Travel & Conference	3	3	3	5
Office Occupancy	23	24	26	28
Office Operations	52	55	57	75
Educational & Promotional	13	13	13	13
Loan Servicing	16	16	17	29
Professional & Outside	25	27	28	36
Provision for Loan Losses	26	10	12	31
Members Insurance	2	2	1	1
Operating Fees	1	1	1	3
Interest on Borrowed Money	17	14	11	3
Corporate Stabilization & Insurance				
Premium Expense	14	6	5	7
Other Expenses	<u>10</u>	<u>12</u>	<u>12</u>	<u>6</u>
 TOTAL EXPENSES	 359	 349	 355	 429
 NET INCOME BEFORE TRANS- FERS & DIVIDENDS	 <u>129</u>	 <u>131</u>	 <u>111</u>	 <u>112</u>
 DIVIDENDS TO MEMBERS	 76	 64	 56	 50
 NET INCOME	 <u>53</u>	 <u>67</u>	 <u>55</u>	 <u>62</u>
 DISTRIBUTION OF NET INCOME				
Transferred to Regular Reserves	27	24	24	

TOTAL CREDIT UNIONS ASSETS IN 2013

Bedford	Hoosier Hills Credit Union	\$	389,753,861
Bloomington	Indiana University Credit Union	\$	753,893,028
Bluffton	Bluffton Motor Works/Franklin Electric Employees Credit Union	\$	1,667,471
Brazil	Clay County Farm Bureau Co-Op Credit Union	\$	8,667,390
Columbus	Centra Credit Union	\$	1,187,443,224
Crown Point	Tech Credit Union	\$	319,042,605
East Chicago	East Chicago Firemen's Credit Union	\$	921,702
Fishers	Forum Credit Union	\$	931,387,679
Fort Wayne	General Credit Union	\$	77,435,904
Fort Wayne	Pinnacle Credit Union	\$	25,390,198
Fort Wayne	Public Service Employees Credit Union	\$	27,292,392
Goshen	Interra Credit Union	\$	667,471,650
Hagerstown	Perfect Circle Credit Union	\$	49,492,432
Hammond	Hammond Firefighters Association Credit Union	\$	1,638,721
Indianapolis	Energy Plus Credit Union	\$	29,003,325
Indianapolis	Family Horizons Credit Union	\$	88,153,697
Indianapolis	Firefighters Credit Union	\$	56,069,692
Indianapolis	Harvester Credit Union	\$	53,265,099
Indianapolis	Hoosier Farm Bureau Credit Union	\$	18,762,046
Indianapolis	Indiana Members Credit Union	\$	1,419,532,863
Indianapolis	Indianapolis Post Office Credit Union	\$	55,290,369
Indianapolis	KEMBA (Indianapolis) Credit Union	\$	62,841,583
Indianapolis	NorthPark Community Credit Union	\$	59,626,147
Indianapolis	Professional Police Officers Credit Union	\$	38,941,663
Indianapolis	State Service Credit Union	\$	5,138,598

TOTAL CREDIT UNIONS ASSETS IN 2013

Kokomo	Kokomo Post Office Credit Union	\$ 2,231,506
La Porte	Municipal Employees Credit Union	\$ 1,183,878
Lawrenceburg	Community Spirit Credit Union	\$ 13,506,503
Loogootee	Martin County Cooperative Credit Union	\$ 11,258,390
Marion	Via Credit Union	\$ 298,381,588
Merrillville	Members Source Credit Union	\$ 72,654,465
Michigan City	First Trust Credit Union	\$ 93,922,290
Michigan City	Members Advantage Credit Union	\$ 87,771,576
Mishawaka	Taper Lock Credit Union	\$ 33,598,356
Monroe	Adams County Credit Union	\$ 17,516,872
Muncie	Muncie Post Office Credit Union	\$ 878,699
Richmond	NATCO Credit Union	\$ 64,451,108
Richmond	Richmond State Hospital Employees Credit Union	\$ 1,386,650
Seymour	Jackson County Co-Op Credit Union	\$ 21,746,139
South Bend	South Bend Post Office Credit Union	\$ 10,015,909
South Bend	Teachers Credit Union	\$ 2,383,229,502
Sullivan	Sullivan County Credit Union	\$ 12,988,689
Wabash	Beacon Credit Union	\$ 1,053,190,001
Warsaw	United Credit Union	<u>\$ 10,910,651</u>
44 CU's	Net Assets - Includes Allowance for Loan Losses	<u>\$ 10,518,946,111</u>

DIVISION OF CONSUMER CREDIT

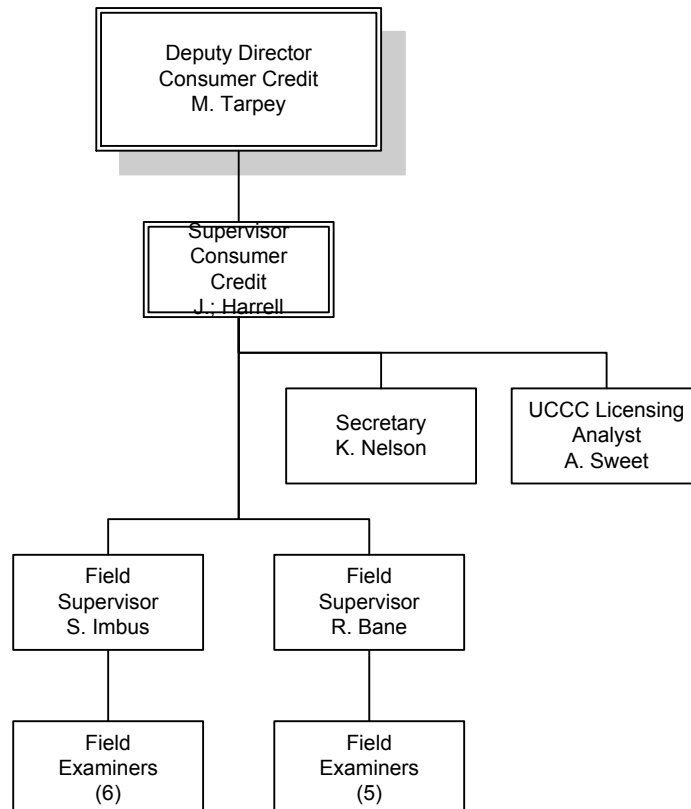
Statutes and Rule administered by the Consumer Credit Division:

IC 24-4.4 -	First Lien Mortgage Lending
IC 24-4.5 -	Indiana Uniform Consumer Credit Code
IC 24-4.5-7 -	Small Loans (Payday Loans)
IC 24-7 -	Rental Purchase Agreements
IC 28-1-29 -	Debt Management Companies
IC 28-7-5 -	Pawnbrokers
IC 28-8-4 -	Money Transmitters
IC 28-8-5 -	Check Cashers
750 IAC 9 -	SAFE Rule

IC 24-4.4: First Lien Mortgage Lending

Under this statute, first lien mortgage lenders became subject to licensing requirements and periodic compliance examinations as of January 1, 2009. The statute applies to creditors funding their own transactions and does not apply to brokers licensed under the loan broker act. The purpose of the act is to: 1) permit and encourage the development of fair and economically sound first lien mortgage lending practices, and 2) make the regulation of first lien mortgage lending practices conform to applicable state and federal laws, rules, and regulations.

In recognition of the need for a nationwide monitoring system for the mortgage industry, the statute provides for the use of an automated central licensing system and repository, operated by a third party, to serve as the sole entity responsible for processing license applications and renewals, and performing other services necessary for the orderly administration of the Department's licensing system under the statute. Mortgage lenders make application for the license via the Nationwide Mortgage Licensing System (NMLS), with all licensing decisions made by the Department. NMLS collects licensing and renewal fees from applicants and licensees, and remits such fees to licensing jurisdictions.



CONSUMER CREDIT

Exempt Company Registration: Certain entities are exempt from licensure under the act, but employ mortgage loan originators, and a licensed mortgage loan originator must be employed by a licensed entity or an entity exempt from licensure. The exempt company registration was created to ensure certain mortgage loan originators were correctly employed and licensed.

IC 24-4.5: Indiana Uniform Consumer Credit Code

When an Indiana consumer borrows money from a bank or finance company, makes a purchase on installment credit, or leases a vehicle for personal use, the consumer is entering into a transaction that is regulated by the Indiana Uniform Consumer Credit Code (the Code). This means that the consumer must receive certain required disclosures, and there are limitations on the finance charge and other types of charges that may be imposed on the transaction. The Code has been in force since it was enacted in the 1971 session of the Indiana General Assembly. Ten other states have similar uniform consumer credit laws.

A stated purpose of the statute is to simplify, clarify, and modernize consumer credit laws. Additional purposes include:

- provide rate ceilings sufficient to assure an adequate supply of credit to consumers;
- further consumer understanding of the terms of credit transactions;
- foster competition among the various suppliers of consumer credit so that consumers may obtain credit at a reasonable cost;
- protect consumers from unfair practices arising from consumer credit transactions having due regard for the interests of legitimate and scrupulous creditors;
- permit and encourage the development of fair and economically sound consumer credit practices; and
- make regulation of consumer credit transactions conforms to the policies of the Federal Consumer Credit Protection Act.

The Code provides for regulation of all persons or entities regularly extending credit to individuals for a personal, family, or household purpose. Lenders are required to obtain a loan license and other creditors are required to file a notification with the Department of their intent to extend consumer credit. To be covered, a transaction must have an amount financed that does not exceed \$53,000, or the debt must be secured by an interest in land or by personal property used or expected to be used as the principal dwelling of the debtor. The debt must be payable by written agreement in more than four installments or the debt must be subject to a finance charge.

First lien mortgages are exempt from the Code except for limited provisions applicable to depository institutions. The Code does not regulate transactions that are for agricultural, business, or commercial purposes.

GAP Administrators: GAP means Guaranteed Auto (Asset) Protection. This is a credit related product that may offer protections to consumers when they experience a total loss to their vehicle and the balance on the credit contract exceeds the actual cash value of the vehicle. If a consumer has purchased GAP coverage and suffers a total loss the “gap” between the value of the vehicle and the balance on the credit agreement will be waived, subject to certain conditions and limitations.

Before a GAP administrator may offer this product in Indiana the administrator and their product must be approved by the Department. There are disclosure requirements, fee limitations, and cancellation refund requirements associated with GAP products.

Debt Cancellation: A limited number of providers offer Debt Cancellation solely to depository institutions. This is a product that acts similar to credit insurance. The product is not insurance, but if certain events occur the consumer is not obligated to pay the remainder of the balance on covered transactions. Triggering events include death or disability of the borrower.

CONSUMER CREDIT

IC 24-4.5-7: Small Loans (Payday Loans)

A certain segment of the population does not qualify for typical credit services because they have not established verifiable and reliable repayment practices. Other people may choose to bypass normal credit channels for relatively small loans for convenience reasons. If such people have steady employment and an active checking account they can usually obtain loans from payday lenders. Payday loans range in size from \$50 to \$605, have a term of at least 14 days, and entitle the lender to hold a personal check or electronic payment authorization as security for repayment of the loans.

Because these loans are made without regard to the normal underwriting standards based on character, capacity to repay, and collateral, the transactions carry an enhanced repayment risk factor, and lenders are permitted to impose substantially higher finance charge rates than are permitted on normal credit transactions. These transactions have the highest finance rates permitted by statute.

IC 24-7: Rental Purchase Agreements

As an alternative to making a purchase on credit, a consumer may enter into a rent to own transaction for certain goods. These transactions allow consumers to rent household goods, with little or no credit check, take the goods home, and make periodic payments similar to credit transactions. In a rent to own transaction the consumer may return the goods to the rental store and cancel the transaction at any time. There is no legal obligation to remain in the transaction. However, if the consumer does remain in the transaction, and makes a specified number of payments, the consumer becomes the owner of the property that was rented.

The Rental Purchase Agreement Act regulates rent to own transactions in Indiana. The statute contains disclosure requirements and additional charge limitations to give consumers a measure of protection. Entities engaged in this business must be registered with the Department.

IC 28-1-29: Debt Management Companies

Consumers who find themselves overloaded with unsecured debt and struggling to manage personal financial matters may turn to a debt management company for assistance. These companies analyze the consumer's household financial condition, prepare a workable budget, enter into a contract with the debtor to pay creditors, and make payment arrangements with the consumer's listed creditors. Consumers then make one periodic payment to the debt management company, which in turn pays the creditors as arranged. Companies in this business must be licensed by the Department.

IC 28-7-5: Pawnbrokers

A credit source available to any person with portable security is a pawn loan. Pawnbrokers make short term, generally small dollar amount loans, based on the value of the security offered for the transaction. The security must be portable because the pawnbroker must take possession of the security offered on a pawn loan, and must hold the security in a safe and secure manner. For this type of loan the borrower need not prove their credit worthiness via credit reports and income verifications. When consumers fail to repay pawn loans they forfeit the pledged item, which becomes the property of the pawnbroker. Pawnbrokers must obtain a license before doing business in Indiana.

IC 28-8-4: Money Transmitters

A common method for money to be sent over long distances between two individuals, with either person or both being un-banked, is by the use of a money transmitter. A consumer remits cash at an agent location in Indiana that is convenient to them, in return they receive a money order payable to a third party, or they execute an order for funds to be wired to a specific location for receipt by a specific person. These services allow un-banked consumers to make money order payments to certain entities, and they allow consumers to electronically send money to any other person at almost any location on the earth. Money Transmitters must obtain a license before doing business in Indiana.

CONSUMER CREDIT

IC 28-8-5: Check Cashers

The services of a check casher are vital to individuals without a banking relationship who receive wages via a paycheck or other benefits via check or draft. Various types of checks are known to carry differing risk factors, so the cost to cash a check can vary based on the type of check and the issuer of the check.

Check Cashers must obtain a license before doing business in Indiana. The [chapter does not apply to a financial institution organized under IC 28 or federal law, and the](#) chapter does not apply to a person principally engaged in the bona fide retail sale of goods or services if:

- (1) the person, either incidental to or independent of a retail sale of goods or services, from time to time cashes checks; and
- (2) the consideration charged for cashing checks does not exceed five dollars (\$5).

750 IAC 9 SAFE Rule: Mortgage Loan Originators

A person who takes a mortgage transaction application, or offers or negotiates rates and terms of a mortgage transaction meets the definition of a Mortgage Loan Originator. Under the federal SAFE law (Secure and Fair Enforcement for Mortgage Licensing Act of 2008), and corresponding DFI SAFE Rule, as of July 1, 2010, mortgage loan originators must be state licensed if they are employed by a state licensed lender.

To become a state licensed mortgage loan originator, an applicant must meet character and fitness requirements that include: providing fingerprints for a criminal background check, providing authorization for a credit report review, meeting prelicensing education requirements, and meeting assessment standards. To renew a license the mortgage loan originator must meet continuing education requirements.

The Nationwide Mortgage Licensing System developed a uniform state test to replace a state specific test, and this resulted in a dramatic increase in the number of licensed mortgage loan originators in Indiana.

CONSUMER CREDIT

Number of Licensees and Registrants as of December 31, 2013		
TYPE	NUMBER REGISTERED/ LICENSED	NUMBER OF BRANCH LOCATIONS
LOAN LICENSES (NON-MORTGAGE)	43	170
SMALL LOAN LICENSES	36	351
RETAIL CREDITORS	2038	1332
RENTAL PURCHASE	53	286
DEBT MANAGEMENT	36	6
PAWNBROKERS	72	110
MONEY TRANSMITTERS	43	25
CHECK CASHERS	43	238
FINANCIAL INSTITUTIONS	195	1331
GAP ADMINISTRATORS	54	
FIRST LIEN MORTGAGE	319	238
SUBORDINATE LIEN MORTGAGE	87	129
MORTGAGE LOAN ORIGINATOR	5906	
DEBT CANCELLATION ADMINISTRATORS	5	
EXEMPT COMPANY MORTGAGE REGISTRATION	7	
TOTALS	8937	4216

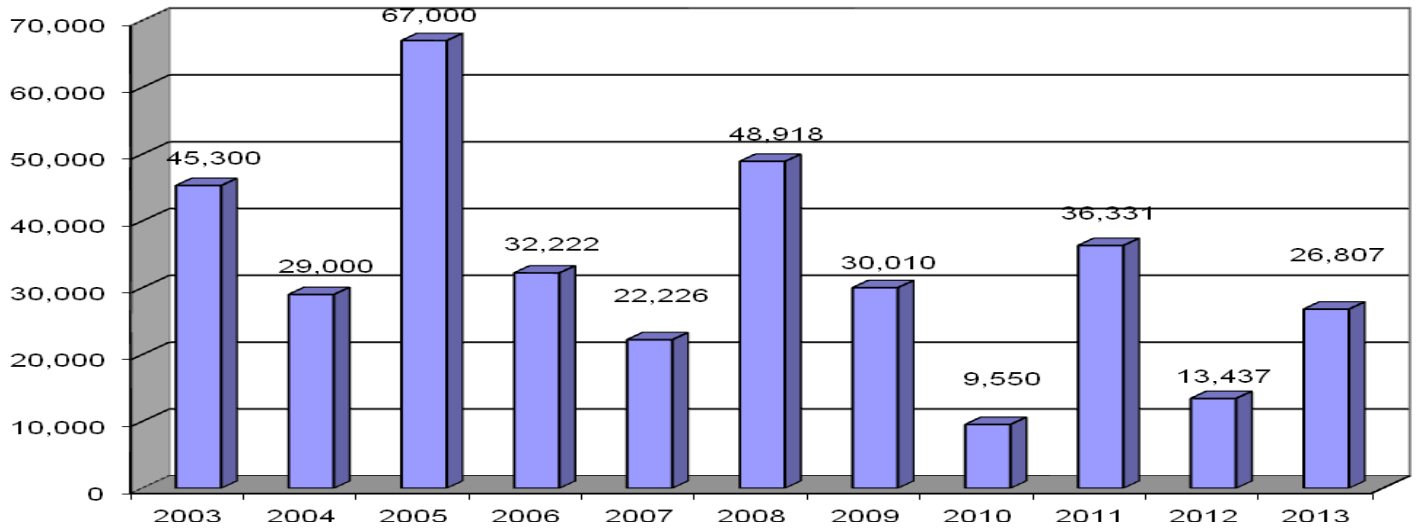
CONSUMER CREDIT

EXAMINATIONS

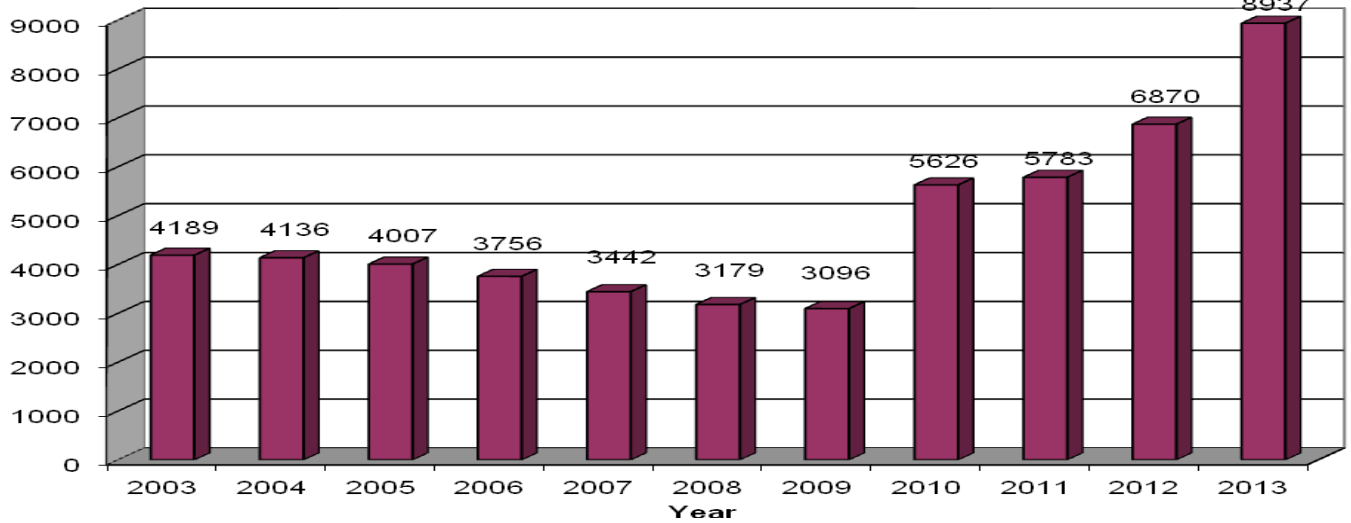
Licensed and registered entities are subject to periodic examinations to determine compliance with the statutes corresponding to their business type. As examiners discover violations they try to determine the cause, and obtain assurance from the licensees or registrants that future transactions will be made in compliance with applicable statutes. Preventing violations is considered to be as significant as citing violations for remedies.

Type of Examination	Number of Exams	Exam Hours	Number of Violations	\$ Amount of Violations	Number of Non-\$ Violations
Check Cashers	33	238.0	1,923	\$ 3,187.05	6
Debt Management	19	770.0	386	\$ 70,021.71	44
Financial Institution	35	1208.0	4,762	\$ 276,140.04	90
First Lien Mortgage Lender	82	1671.5	5	\$ 1,482.21	46
Gap Administrator	2	35.0	-	\$ -	0
Licensed Lenders	16	221.3	2,037	\$ 32,069.52	2
Money Transmitter	34	230.5	-	\$ -	1
Pawn Broker	40	687.3	664	\$ 1,001.45	24
Rental Purchase	14	365.5	5,576	\$ 105,287.59	14
Retail Creditors	606	4331.2	9,950	\$ 753,818.26	129
Small Loan (Payday Loan)	27	1402.3	1,504	\$ 65,447.79	32
Subordinate Lien Mortgage	22	142.0	-	\$ -	1
	930	11302.5	26,807	\$ 1,308,455.62	389

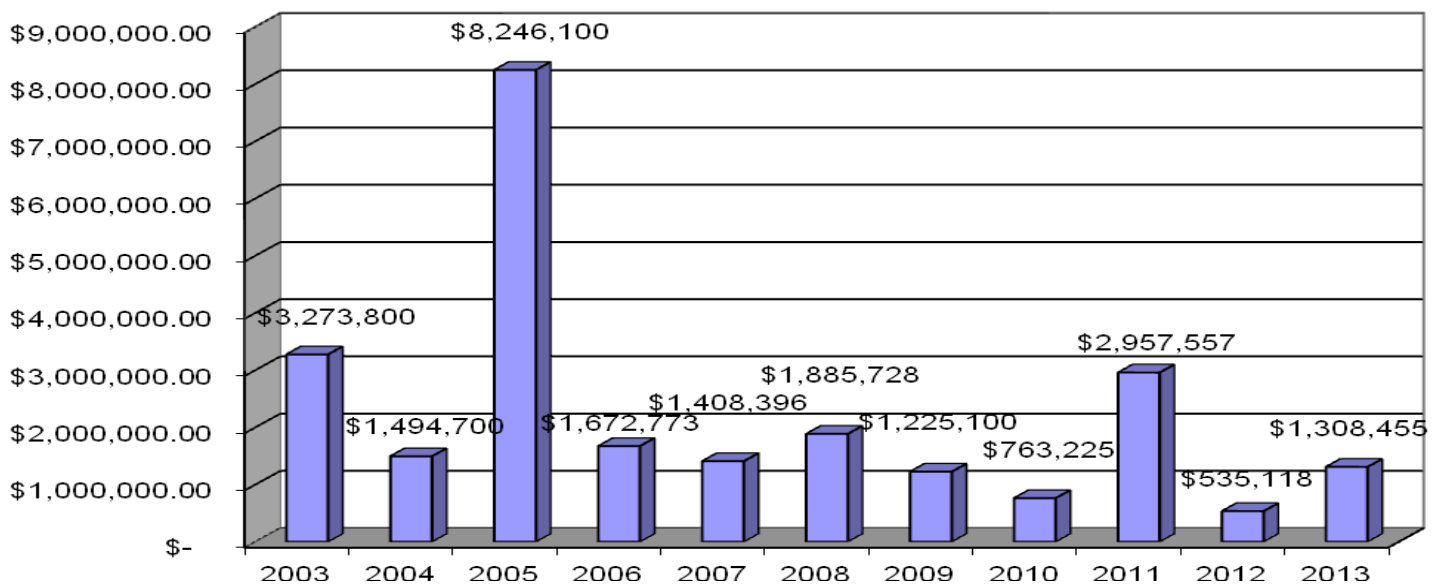
Number of Reimbursable Violations



Consumer Credit Division Licensees and Filers



Amount of Reimbursable Violations



CONSUMER CREDIT DIVISION LICENSES ISSUED IN 2013

License ID	Loan Licenses	City	State	Date
21003	FCC FINANCE LLC	DALLAS	TX	25-Sep-13
22620	OneMain Financial, Inc.	Baltimore	MD	22-Oct-13
20517	SUNRISE FINANCE COMPANY	Florence	KY	25-Nov-13
19322	TORRES ENTERPRISES CORPORATION	ELKHART	IN	08-Mar-13

License ID	Pawnbrokers	City	State	Date
19587	BULLETS, INC DBA FARES PAWN	EVANSVILLE	IN	09-May-13
21348	FOX FINANCIAL SERVICES LLC	Ellettsville	IN	31-Jul-13
21350	P & N PAWNSHOP LLC	PLYMOUTH	IN	08-Oct-13
18923	S & S BROTHERS JEWELRY AND REPAIR INC	JEFFERSONVILLE	IN	21-Aug-13

License ID	Money Transmitters	City	State	Date
22029	AMAZON PAYMENTS, INC.	SEATTLE	WA	10-Oct-13
20047	Comdata TN, Inc.	BRENTWOOD	TN	29-Jul-13
22217	DOLEX DOLLAR EXPRESS, INC.	ARLINGTON	TX	13-Nov-13
19048	Global Express Money Orders, Inc.	SILVER SPRING	MD	28-Jan-13
19702	PAYNEARME MT, INC.	SUNNYVALE	CA	25-Oct-13
18479	PayPal, Inc.	SAN JOSE	CA	22-Apr-13
19673	USFOREX INC	SAN FRANCISCO	CA	07-Nov-13

License ID	Check Cashers	City	State	Date
22787	AMERICAN CHECK CASHING OF INDIANA, INC.	FORT WAYNE	IN	14-Nov-13
19674	BUY RITE, INC	INDIANAPOLIS	IN	22-Apr-13
19002	M & E MULTISERVICE INC.	CLARKSVILLE	IN	13-May-13
22052	WALGREEN CO	DEERFIELD	IL	26-Sep-13

License ID	Debt Management Companies	City	State	Date
18066	ADVANTAGE CREDIT COUNSELING SERVICE, INC.	PITTSBURGH	PA	08-Mar-13

License ID	Small Loan Lenders (Payday Loan)	City	State	Date
18917	EAGLE RENTALS INC	GRAND RAPIDS	MI	28-Jan-13

CONSUMER CREDIT DIVISION LICENSES ISSUED IN 2013

License ID	GAP Administrators	City	State	Date
19321	AAGI INC.	SCHAUMBURG	IL	28-Jan-13
22431	AMT WARRANTY CORP.	BEDFORD	TX	08-Oct-13
19512	CUSTEGRA GENERAL AGENCY, INC.	IRVING	TX	22-Apr-13
21655	NATIONAL AUTO CARE CORPORATION	WESTERVILLE	OH	20-Aug-13
19426	WARRANTECH AUTOMOTIVE, INC	BEDFORD	TX	08-Mar-13
License ID	First Lien Mortgage Lenders	City	State	Date
20518	Adventas, INC	Schererville	IN	16-Aug-13
21507	Affinity Lending Solutions, LLC	Houston	TX	02-Aug-13
20960	American Financial Network, Inc.	Chino Hills	CA	02-Jul-13
20587	American Financing Corporation	Aurora	CO	02-Aug-13
19205	American Lending Solutions, LLC	Columbus	WI	23-Jul-13
21430	AmeriHome Mortgage Company, LLC	Flint	MI	24-Sep-13
22950	Amherst Funding Group, L.P.	Austin	TX	20-Dec-13
19146	Broker Solutions, Inc.	Tustin	CA	04-Jan-13
19692	Cardinal Financial Company, Limited Partnership	Charlotte	NC	30-May-13
20784	CitiFinancial Servicing LLC	Baltimore	MD	26-Aug-13
19684	Clayton Support Services LLC	Tampa	FL	24-May-13
21869	Cole Taylor Mortgage, LLC	Ann Arbor	MI	02-Dec-13
19033	Command Capital Mortgage Services LLC	OAK BROOK	IL	15-Feb-13
22934	CU FINANCIAL, INC.	ORLAND PARK	IL	20-Dec-13
19494	Developer's Mortgage Company	Columbus	OH	02-Dec-13
21026	DIRECTORS FINANCIAL GROUP	Corona del Mar	CA	16-Jul-13
19912	FBC MORTGAGE, LLC	Orlando	FL	08-May-13
19074	First Home Mortgage Corporation	Baltimore	MD	28-Mar-13
22997	First Rate Mortgage Corporation	Louisville	KY	20-Dec-13
19115	GreenBox Loans, Inc.	Los Angeles	CA	07-Mar-13
19600	Guild Mortgage Company	San Diego	CA	28-Mar-13
19003	Hamilton National Mortgage Company	Wayne	PA	04-Jan-13
22271	Hometown Lenders, LLC	Huntsville	AL	07-Nov-13
22751	HomeTrust Mortgage Corporation	Schaumburg	IL	04-Dec-13
19706	Huron Valley Financial, INC.	Ann Arbor	MI	08-May-13
20763	InterLinc Mortgage Services, LLC	Houston	TX	02-Jul-13
20823	Journey Financial, LLC	Irvine	CA	20-Jun-13
22632	KTL Performance Mortgage, LTD	Greenville	OH	07-Nov-13
22720	Lend Smart Mortgage, LLC	Maple Grove	MN	07-Nov-13

CONSUMER CREDIT DIVISION LICENSES ISSUED IN 2013

License ID	First Lien Mortgage Lenders	City	State	Date
21140	MERIDIAN HOME MORTGAGE CORPORATION	HAMPSTEAD	MD	16-Jul-13
20440	Montage Mortgage, LLC	Charlotte	NC	02-Aug-13
17350	Mortgage Master, Inc.	Walpole	MA	26-Aug-13
19571	Mount Olympus Mortgage Company	Irvine	CA	08-May-13
19495	Network Capital Funding Corporation	Irvine	CA	18-Apr-13
19437	Paramount Residential Mortgage Group, Inc.	Corona	CA	07-Mar-13
20050	Planet Home Lending, LLC	Meriden	CT	24-Sep-13
21463	PrimeSource Mortgage, Inc.	Oklahoma City	OK	24-Sep-13
22600	Retreat Capital Management, Inc.	Irving	TX	20-Dec-13
19483	Reverse Mortgage Funding LLC	Bloomfield	NJ	07-Mar-13
19368	Reverse Mortgage Solutions, Inc.	Spring	TX	07-Mar-13
19289	Seckel Capital LLC	Newtown	PA	15-Feb-13
19604	SHELTER MORTGAGE COMPANY, L.L.C.	Brown Deer	WI	08-May-13
19389	Springleaf Mortgage Services, Inc.	Evansville	IN	25-Feb-13
19484	Stockton Mortgage Corporation	Frankfort	KY	28-Mar-13
18244	Suburban Mortgage Company of New Mexico	Aliso Viejo	CA	07-Mar-13
19238	Success Mortgage Partners, Inc.	Plymouth	MI	28-Mar-13
19347	SUMMIT FUNDING, INC.	Sacramento	CA	18-Apr-13
19929	The Money Source Inc.	Melville	NY	24-May-13
22831	United Military Mortgage, LLC	Lindon	UT	20-Dec-13
21574	V.I.P. Mortgage, Inc.	Scottsdale	AZ	26-Aug-13
19439	W. J. Bradley Mortgage Capital, LLC	Centennial	CO	20-Jun-13
19011	Wingspan Portfolio Advisors, LLC	Carrollton	TX	25-Feb-13

License ID	Subordinate Lien Mortgage Lenders	City	State	Date
21429	AmeriHome Mortgage Company, LLC	Flint	MI	24-Sep-13
20783	CitiFinancial Servicing LLC	Baltimore	MD	26-Aug-13
19075	First Home Mortgage Corporation	Baltimore	MD	28-Mar-13
19601	Guild Mortgage Company	San Diego	CA	28-Mar-13
21968	ISGN Solutions, Inc.	Palm Bay	FL	30-Sep-13
20213	Mortgage Master, Inc.	Walpole	MA	26-Aug-13
21464	PrimeSource Mortgage, Inc.	Oklahoma City	OK	24-Sep-13
22599	Retreat Capital Management, Inc.	Irving	TX	20-Dec-13
19390	Springleaf Mortgage Services, Inc.	Evansville	IN	25-Feb-13
19348	SUMMIT FUNDING, INC.	Sacramento	CA	18-Apr-13
21573	V.I.P. Mortgage, Inc.	Scottsdale	AZ	26-Aug-13
19438	W. J. Bradley Mortgage Capital, LLC	Centennial	CO	20-Jun-13

Mortgage Loan Originators				
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1,336 MLO licenses issued in 2013

DIVISION OF ADMINISTRATION

The Division of Administration provides oversight and support in the areas of Fiscal Management; Human Resources and Staff Development; Facilities Management; Communications; Operations; and Information Systems.

Personnel costs and travel reimbursement continue to be the largest agency expenditures. A review of the Department's fiscal operations can be found in the Report of Revenue and Expenditures, which is located elsewhere in this report.

In order to attract and maintain a highly qualified, capable, and efficient work force, the Department actively recruits at many state colleges, universities, and career fairs. The Department is committed to staff development and utilizes a wide range of training resources to ensure a knowledgeable and well respected staff. Among the sponsors utilized on a regular basis are: the Education Foundation of State Bank Supervisors; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; the Federal Financial Institutions Examination Council; the Indiana Bankers' Association, the National Association of Consumer Credit Administrators; the Fiduciary Trust Institute; the National Credit Union Administration, and the National Association of State Credit Union Supervisors. These external programs provide excellent individual technical instruction.

The Department continues to pursue cost effective modes of training and information sharing opportunities with other State Banking Departments as well as our Federal Counterparts. The Department utilizes cost-effective training resources made available through The Conference of State Bank Supervisors; our Federal counterparts; and other third parties. These include a wide array of online training programs, webinars, and courses. In October, the Department conducted an Examiner Seminar for its professional examination staff. The 2 1/2 day conference addressed a wide range of topics and included presentations and discussions with key CSBS and CFPB staff.

The Department's main office is located in downtown Indianapolis. In addition to the primary office, the Department maintains two district offices. One is located in Columbus, Indiana and the second is located on the northwest side of Indianapolis. The Department leases limited space in Ft. Wayne and South Bend. The Department continues to promote telecommuting as a cost-effective and efficient benefit for our mobile work force.

The Department continues to utilize technology as a way to become more efficient. Internal application development and participation in various national technology committees provides an ability to research and implement efficient technology initiatives.

The Department maintains a toll free telephone number and consumers and industry representatives who wish to speak with a staff member are encouraged to call (800) 382-4880 with their questions and concerns. General information is also available on our website at www.in.gov/dfi . Regular business hours are 8:00 am to 4:30 pm at our primary office located at 30 South Meridian Street, Suite 300, Indianapolis, IN.

DIVISION OF ADMINISTRATION

